



EREG Report on Customer Protection

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Executive Summary

This report, one of three reports prepared for the ERGEG Customer Focus Group (CFG)¹, summarizes and analyses responses by 21 ERGEG members to a questionnaire designed and distributed by the CFG's Consumer Protection and Customer Switching Task Force (CPCSTF) between April and June 2005.

The report covers an extremely comprehensive variety of topics related to customer protection in the ERGEG member countries. The report concentrates on: the broad issue of whether small- and medium size customers currently receive satisfactory levels of service; whether the regulators or other authorities in the ERGEG member countries have set standards to guarantee at least moderate service levels, or rules to guarantee customer rights in the event of problems; and whether customers are informed about their rights.

Commercial quality of supply, in particular, does not seem to be a very standardized or uniform issue within the member countries. Many countries do not gather information concerning such quality, even if the majority of national regulators set standards for the companies to follow. In those countries which have estimations of the level of commercial quality of supply or have set standards by which acceptable levels of service are benchmarked, there are great variations in the standards they use and the values contained within them, as well as the possible penalty payments which correspond to cases where standards are not fulfilled. Overall, it appears that even in most of the countries with some kind of standards, customers appear not to be compensated even when standards are unfulfilled.

Concerning dispute settlement however, a very important tool to protect smaller customers, customers in most of the ERGEG member countries (or at least those which responded to the questionnaire) do not walk alone. Dispute settlement is typically taken care of one way or another. In many countries it is the regulator or some sort of consumer protection authority who helps the customer in cases of dispute. In some countries, however, there are dispute settlement boards which have been established specifically to assist with energy sector disputes.

Supplier of last resort (SLR) is a tool which protects those customers who might otherwise be unable to obtain energy with reasonable terms and conditions. It is a concept (whereby there is always at least one company who must be responsible for supplying energy) which is naturally a very important component of customer protection, especially in countries with cold winters and electricity heating. Unfortunately, the term of supplier of last resort seems to be understood in many ways and therefore clarifying the application of SLR within the member countries is somewhat difficult. However, it would appear that most of the ERGEG member countries do guarantee energy supply to all customers. There might be a special supplier of last resort (one or several) defined or the company who has an obligation to supply might automatically be the incumbent supplier or the local network owner (which often are the same company).

Terms and conditions concerning suppliers and grids have also been broadly covered by this report. Topics concerning suppliers are for example: publication of supply terms (including prices as maybe the most important thing); supply contracts (contents, format, duration etc);

¹ The other two reports focus on Price Transparency and Customer Switching.

suppliers' obligations to serve all customers (which is related to the issue of supplier of last resort); customers right to switch supplier; standards of supply; rules or practices concerning communication and sales; public service obligations and entities responsible for supervision of the fulfilment of customers' rights. Once again practices with regard to such terms and conditions varied greatly between countries. Typically such issues are covered by laws or regulations to some extent and in some way, but the extent and nature of the coverage is highly inconsistent between countries.

Regarding terms and conditions concerning the grid, topics covered are for example: contracts; roles of the supplier and distributor in terms of serving customers and handling problem situations; regulation concerning the approval of terms and conditions and tariffs, connection times and compensations, technical quality of service standards; and rules or practices concerning communication and sales. The report finds that the roles between suppliers and distributors currently vary within the EREG countries, especially with regards to whether the customer makes a contract with just the supplier or also with distributor and whether the customer contacts just the supplier or also the distributor. Currently all the alternative practices mentioned are applied (depending on the country), and in some countries it is even up to the customer to decide which route he takes. Terms, conditions and tariffs concerning the grid services are very often regulated, though, and in most countries it is the energy regulator which approves major changes.

Preface

At the beginning of March 2005, the European Regulators Group for Electricity and Gas (EREG) approved in its meeting the Work Programme 2005 for ERGEG. In the Work Programme, a new focus group – Customer Focus Group – was established. The Focus Group is mandated to evaluate and develop best practice for three areas, which are customer protection related measures as stated in the Electricity and Gas Market Directives, switching process and transparency of energy prices in contracts, energy bills, advertisements and commercials.

The work has been undertaken by the Customer Focus Group and the Consumer Protection and Customer Switching Task Force subordinate to it.

The report reflects the status of consumer protection and the various practices of ERGEG member countries towards organising consumer protection. There are differences in the way consumer protection has been ensured – through legislative requirements and/or adopted business practices – and the resulting level of consumer protection varies as well.

The report does not entail any best practice propositions but instead, is a description of the present status of consumer protection in the countries covered in the report. A separate task for the Customer Focus Group will be the development of the best practice proposition on consumer protection related issues.

I want to express my thanks to the members of the Focus Group and Task Force for their active and knowledgeable participation in the preparation of the report. Last but not least, I want to express my special thanks to VaasaEmg and its excellent researchers Merja Pakkanen and Dr. Philip Lewis who have helped the Task Force through the compilation of the report.

Asta Sihvonen-Punkka
Chairwoman of the Customer Focus Group

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1. Introduction

1.1. Background

1.1.1. The mandate of the Customer Focus Group

The European Regulators Group for Electricity and Gas (EREG) is the route by which the European regulators provide formal advice to the European Commission. EREG's 2005 Work Programme reflects EREG's goals and the regulators' view of the Commission's expectation of EREG in 2005.

EREG's work for 2005 has been organized across three work groups called Focus Groups: The Electricity Focus Group; the Gas Focus Group; the Customer Focus Group (CFG).

Concerning the CFG, the Directives 2003/54/EC and 2003/55/EC provide for the protection of households and small businesses through the right to use universal services, i.e. the right to energy supplies at reasonable and transparent prices. Article 3 and Annex A of the Directives 2003/54/EC and 2003/55/EC lay down in detail measures of customer protection. The evaluation of if and how the directive has been implemented in each single member state so far is the main task of the CFG's Consumer Protection and Customer Switching Task Force (CPCSTF).

Another important issue is the development of a best practice solution for the switching process. The possibility to switch to a new supplier within a short period of time and without obstacles and disadvantages for the customer is an essential pre-requisite for a functioning and efficient market. Furthermore, in order to allow customers to choose between different energy suppliers, transparency of prices is also needed. Without easy verification of energy prices, separated from other components such as use-of network prices or taxes, it is impossible to make a useful price comparison.

Based on the Directives 2003/54/EC and 2003/55/EC of the European Parliament and of the Council, article 3, Consumer protection refers particularly to "transparency regarding general contractual terms and conditions, general information and dispute settlement mechanisms".

1.1.2. Customer protection in the Electricity and Gas Market Directives

The Electricity and Gas Market Directives emphasize the importance of consumer protection. In Article 3 of The Electricity Directive it is stated that the Member States shall ensure that all household customers and, where Member States deem it appropriate, small enterprises, enjoy universal service that is the right to be supplied with electricity of a specified quality within their territory at reasonable, easily and clearly comparable and transparent prices. Furthermore, according to Article 5 of the Directives, Member States shall take appropriate measures to protect final customers. In particular, they have to ensure that there are adequate safeguards to protect vulnerable customers. Member States shall ensure high levels of consumer protection especially regarding transparency of contractual terms and conditions, general information and dispute settlement mechanisms. It is for the Member States to ensure that eligible customers are able to switch to a new supplier.

The consumer protection measures to be applied to at least household customers, as stated in the Article 5 of the Directives, are laid down in Annex A of the Electricity and Gas Market Directives. According to the Annex, among other things, it must be ensured that customers:

- have a right to a contract with the electricity service provider that specifies the necessary items (including the identity and address of the supplier, the services provided, the service quality level offered, types of maintenance offered, the time for the initial connection, the means by which up-to-date information on all applicable tariffs and maintenance charges may be obtained, the duration of the contract, any compensation and refund arrangements, the method of initiating procedures for settlement of disputes)
- are given adequate notice of any intention to modify contractual conditions
- receive transparent information on applicable prices and tariffs
- are offered a wide choice of payment methods and general terms and conditions shall be fair and transparent
- shall not be charged for changing supplier
- benefit from transparent, simple and inexpensive procedures for dealing with complaints
- are informed about their rights regarding universal service

1.1.3. The CFG report on customer protection

This report, one of three reports prepared for the CFG (in addition to the Customer Switching and Price Transparency reports) summarizes and analyses responses by ERGEG members to a questionnaire designed and distributed by the CFG. The report focuses on the customer protection which currently exists in the ERGEG member countries. The countries were originally asked to answer to customer protection related questions concerning both the electricity and gas sectors, and both household customers and small industry, so they are expected to have done so unless otherwise stated. For the rest of the report, unless otherwise stated all the results concern household customers and small and medium enterprise customers for both the electricity and gas sectors. These customer groups are considered most vulnerable within liberalized energy markets.

The report looks at the rules and practices which are characteristic of the customer-protection-related issue in the ERGEG member countries. The report primarily considers the way things are now, but some consideration is also given to challenges facing customer protection in Europe.

This report is evaluative but non-judgmental and essentially simply reports on what is stated by the questionnaire respondents. Furthermore, beyond what is stated by respondents, it does not contain an evaluative or subjective consideration of the strengths and weaknesses or successes and failures of given markets, either in absolute terms or relative to each other, nor does it provide suggestions for best practices. Benchmarking and best practice is expected to be the subject of successive reports by the CFG.

Examples used within this report are not meant to indicate best practice, but rather different approaches to the issues concerned. In most cases the examples used represent the more comprehensive responses to questions (often all comprehensive responses are used as examples).

1.1.4. The customer protection questionnaire

The Customer Protection Questionnaire was designed in April 2005 and was distributed to ERGEG member countries' regulatory authorities for completion and return. The latest date accepted for responses and changes was July 15th 2005.

The questionnaire comprised 5 sections containing a variety of questions concerning the issue of customer protection. The sections were as follows:

- Commercial quality of supply
- Dispute settlement
- Supplier of last resort
- Terms and conditions concerning the supplier
- Terms and conditions concerning the grid

1.1.5. Responses to the customer protection questionnaire

Altogether 21 countries responded to the Customer Protection Questionnaire. These were: Austria, Denmark, Estonia, Finland, France, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and Turkey. Romania and Slovenia both filled in two questionnaires; one separately for electricity and one for gas sector.

It should also be noted that because the level of electricity and gas market liberalization varies substantially between these countries², some questions are less relevant to certain countries. This fact, together with the varying degree regulatory involvement and control in the various countries, as well as variations in respondents' time resources when completing the questionnaire, mean that the amount of response information gathered from each country, and for each question, varies significantly.

Despite the availability of the ERGEG draft guidebook of definitions, some challenges remain concerning clarity in this field of research. Efforts have been made to achieve consistency in terminology and meaning, but some anomalies may remain due to the extremely wide (and sometime ambiguous) range of terminology and mind-sets applied within responses to the questionnaire.

² See Appendix II for tables describing liberalization timetables and status in each of the countries.

2. Commercial Quality of Supply

2.1. The importance of commercial quality regulation

According to the CEER Working Group on Quality of Supply³, commercial quality is directly associated with transactions between electricity companies (both DSOs and Suppliers) and customers. The transactions include not only the sale of electricity, but also the contacts that are established between companies and new or existing customers. Before the beginning of supply, several transactions occur between a potential customer and the supplier/DSO such as connection and meter installation. These and later transactions during the contract can be made subject to (in comparison with) a set of relevant quality factors which determine a company's performance.

Figure 1. Main transactions between companies and customers

Transactions before supply	Transactions during contract validity	
	Regular transactions	Occasional transactions
Connection (supply and meter) Estimating charges* Execution of works*	Accuracy of estimated bills Actual meter readings Service at customer centres Telephone service	Responding to failure of supplier's fuse Voltage complaints Meter problems Queries on charges and payments Appointment scheduling Responding to customer's letters (information requests) Responding to customer's claims Reconnection following lack of payment Estimating charges* Execution of works* Notice of supply interruption

*Applicable to both types of transactions

Commercial quality regulation attempts to ensure standards governing commercial quality. This is achieved, to differing extents in each country, through the use of regulations or codes, performance standards, the dissemination of information to promote the quality of service as well as through strategies to encourage customer participation. Standards of performance are a regulatory tool common to many countries for establishing minimum customer service quality standards. Standards of commercial quality take two forms, guaranteed standards and overall standards.

Guaranteed Standards, set minimum service levels, which must be met, in each individual case. If the company does not meet these standards, compensation at fixed rates is payable to the individuals concerned.

³ CEER Working Group on Quality of Supply, *Second benchmarking report on quality of electricity supply*, September 2003 (available at www.ceer.eu.org). The CEER Working Group is going to publish before the end of 2005 a comparative report on commercial quality levels and standards in European Countries.

Overall Standards, cover areas of service where it may not be possible to give individual guarantees but where customers have a right to expect predetermined levels of service. With overall standards, the company is required to conduct its business in such a way as to be reasonably expected to deliver the standard.

The issue of commercial quality of supply was approached through four sets of questions aimed at identifying: the kinds of indicators used in different countries (Q 1.1.); the estimated values for these indicators in reality (Q 1.2.) and whether there are any standards or recommendations set by the regulators (Q 1.3.). The last set of questions in this section "Goal" (Q 1.4.) was rather broad in nature and was left without an answer by most of the countries and therefore was left out of this report.

Respondents⁴ interpreted the questions in this section in a variety of ways. Consequently for the purpose of comparability of data and clarity of reporting the results will be presented with the following understanding in mind: Section 2.2 of this chapter identifies the target indicators set in given countries to gauge the commercial quality of supply in one way or another and section 2.3 explains the actual levels for these indicators in the researched countries including detailed descriptions of some of the countries' standards.

2.2. Indicators of commercial quality (Q 1.1)

18 indicators were introduced in the questionnaire:

- Average waiting time in customer centers
- Number of visits per 100 customers in customer centers
- Average waiting time in call centers
- Number of calls per 100 customers in call centers
- Number of complaints per 100 customers
- Average response time to customers' complaints
- Average response time to customers' written queries
- Average annual meter readings per customer
- Average annual self meter readings per customer
- Percentage of estimated bills
- Number of revised bills per 100 customers
- Average response time of repair service
- Average response time for LV supply quotations
- Average time to connect a new LV customer to the network
- Average time to provide meter and supply after a supply contract
- Average time to restore supply to a customer after disconnection
- Average disconnection time after a customer cancels the contract
- Standards, methods and frequency of informing customers

⁴ Finland, Luxembourg, Slovakia, Slovenia (gas) and Spain have no comparable information available to answer the questions in this section. Portugal and Hungary mentioned that their answers to this question only concern the electricity sector. In Greece, data on Commercial quality of supply is reported by PPC (the Public Power Corporation), following internally defined procedures, and there are no means to be evaluated or verified by RAE.

Respondents were asked to state what, if any, were the targets within their countries for these indicators. Interestingly, the responses suggested that official indicators rarely exist⁵.

2.3. Standards in commercial quality (Q 1.3)

According to the findings of the questionnaire, many countries do not have official standards for commercial quality. Latvia stated that the standards will be set after amendments in the Regulatory Law, and Slovakia that the standards of quality in the natural gas industry are expected to be issued by the end of 2005. There is no monitoring of these indicators yet.

Because the standards are so specific and vary so greatly in different countries, they have been explained in detail below, issue by issue and country by country (for those countries which have responded).

2.3.1 Customer service in service centers / response times to customers' queries

Concerning response time to phone queries, in Portugal, the only country known to have set overall standards concerning this issue, 90 % of visiting customers should experience a waiting time of no more than 20 minutes in customer centers, and 80 % of phone enquiries should be responded to within 60 seconds.

Response time to customer's written queries is normally between two and four weeks, but in some countries only one week. The average time for handling customer's complaints regarding energy companies seems to be approximately two weeks, but there are exceptions such as Ireland where the time is 5 days.

Regarding appointment timing, appointments with customers are often scheduled within 3 hours from the customers call.

Another related issue concerns the provision of information concerning planned outages. Information should be given approximately one week prior the outage in most countries. Turkey is an exception where the warning must be at least 2 days prior to the outage.

2.3.2. Billing and metering

A few countries (Portugal, Ireland, France and Italy) have set standards for the meter reading frequency. The meter should be read at least once per year in most of these countries. In France (electricity) there should be 2 meter readings per year and in Ireland there should be 3 (gas) and 4 (electricity) respectively. Standards for responding to metering problems are in many countries 1-2 weeks. Greece states that repair of a meter fuse should take place within 4 hours. Related to billing, Italy states that correction of bills of low voltage customers should take place within 90 days of the request.

⁵ or at least cannot be identified based on answers to this questionnaire.

2.3.3. Deactivating and reconnecting

Concerning the issue of deactivation upon a customer's request, in Romania the (gas) cutting of supply must happen on the day when consumer cancels the contract and in France within two days. In Italy and Estonia it must happen within one week.

Reconnection has two dimensions; reconnection following faults and reconnection following lack of payment. Following lack of payment, reconnection must happen in most of the countries (Romania -gas-, France, Portugal, Greece and Italy) within a day of all debts having been paid, in Greece even within the same day. Exceptions to this are Estonia and Lithuania. In Lithuania the reconnecting has to be done within 5 working days for domestic and 2 working days for non-domestic customers. Estonia states that the reconnection needs to happen within 5 days, if supply interruption in the grid is not needed, but in case it is, then 8 days is acceptable.

Reconnection following faults should happen within a few hours for most of the countries and most of the customers. In Romania (gas) the time is longer at 12 hours, and it is 24 hours for LV customers in Lithuania.

In Ireland the customer must apply for supply after disconnection.

The Estonian Example

Within distribution service, Estonia has the following standards (days refer to the maximum acceptable time for action):

- Reconnection following lack of payment after bill is paid (if supply interruption in the grid is not needed): 5 days after reception of the payment related to the fee for disconnection and reconnection
- Reconnection following lack of payment after bill is paid (if supply interruption in the grid is needed): 8 days after reception of the payment related to the fee for disconnection and reconnection
- Responding to meter problems: 5 days since reception of a claim
- Responding to queries to charges and payments: 5 days since reception of a query
- Deactivation on customer's request: 5 days since reception of a request
- Deactivation on customer's request (if supply interruption in the grid is needed): 8 days since reception of a request
- Meter replacement or change of meter settings on customer's request: 7 days since reception of an application
- Customer information about planned interruption: minimum 7 days before interruption.

Within national grid service, Estonia has three more standards:

- Responding to meter problems: 5 days since reception of a claim
- Information about planned works in connection with meter: at least 5 days prior to commencement of works
- Information about planned interruptions: written information by the 15th date of the preceding month.

The French Example

France does not have any public standards for commercial quality, but public services contracts are signed between the State and EDF (electricity) or Gaz de France (gas).

Also, even if the regulator does not impose any commercial standard, EDF and Gaz de France have standards regarding commercial quality (<http://monagence.edf.fr> → garantie des services). Guaranteed Standards set minimum service levels, which must be met in each individual case. If the company does not meet these standards, compensation at fixed rates is payable to the individuals concerned. The list below introduces the General Standards which have 25 € compensation payment related to each of them, in case they are not met. For some of these standards France also told the actual success rates.

- Responding to failure of supplier's fuse: 3 hours
- Responding to gas supply failure: within 4 hours
- Connection (supply and meter): 2 working days - 99.9 % success
- Offer of connection to gas network: sent within 8 days following demand
- Estimating charges: 8 days (6 working days) for simple works
- Appointments scheduling: 2 hours - 99.6 % success
- Response to customer's letters: 8 days (6 working days) - 99.8 % success
- Response to customers' claims: 8 days (6 working days)
- Execution of simple works: 15 days (11 working days) after payment of estimate
- Connection to gas network: 15 days after reception of order – 91 % success
- Deactivation on customer' request: 2 days - 99.8 % success
- Reconnection following lack of payment: 24 hours (except on week-ends).

The Greek Example

Greece not only has guaranteed standards for the commercial quality of supply, but additionally measures the failure rate in reality for each of these standards.

- Response to written queries/complaints within 10 working days, no visit required – Failure Rate: 0.14 %
- Response to written queries/complaints within 15 working days, visit required – Failure Rate: 2.95 %
- Repair meter fuse within 4 hours (working hours) – Failure Rate: 0.37 %
- Feasibility report for simple connection works within 15 working days – Failure Rate: 7.4 %
- Feasibility report for connection that requires construction works within 25 working days – Failure Rate: 15.12 %
- Construction of simple connection within 30 working days – Failure Rate: 4.07 %
- Installment and connection of new meter within 3 working days - Failure Rate: 3.9 %
- Reconnection due to debt within the same day - Failure Rate: 1.96 %
- Consistency of arranged personal appointments to customers place, scheduled within 3 hours from client's call - Failure Rate: 0.53 %

The Italian Example

Italy also has guaranteed standards and overall standards, applied to distribution, metering and supply, for both electricity and gas. Gas regulation is similar to electricity regulation, as quoted here. As with France, automatic compensation is due to the customer in Italy if the guaranteed standard is not respected. The compensation is 30 € for LV domestic customers and 60 € for LV non domestic customers. These guaranteed standards for LV customers are:

- Maximum time for written estimate for execution of work on LV network: 20 working days
- Maximum time for execution of simple work: 15 working days
- Maximum time for activation of supply: 5 working days
- Maximum time for deactivation of supply at customer's request: 5 working days
- Maximum time for reactivation of supply following suspension for lack of payment: 1 working day, including Saturday
- Maximum time band for customized appointments: 3 hours
- Maximum time for restoration of supply following a failure of the metering device: 3 hours in working days from 8 to 18; otherwise 4 hours
- Maximum time for correction of bills: 90 calendar days

With reference to overall standards, concerning supply, the minimum percentage of reasoned replies to written complaints or requests for information, made available within the maximum period of 20 working days is 90 % for LV customers. Concerning the quality of telephone services at call centers, Italy states that they are to be defined after a monitoring period of suppliers' actual performance on "average stand-by time before the operator answer" and "average give up time due to excessive stand-by time" indicators. Concerning distribution and metering, the following kinds of overall standards exist:

- Complex works on the network, requested by customers, carried out within 60 working days – 85 % (LV)
- Checks of supply voltage at customer's request made available within 10 working days – 90 % (LV)
- Replies to written complaints or requests for information, made available within 20 working days – 90 % (LV)
- Checks of metering device at customer's request made available within 10 working days – 90 % (LV)
- Minimum percentage of final customers with at least 1 annual reading or self-reading (applied to customers with bi-monthly billing frequency – 95 %

The Lithuanian Example

Commercial quality requirements for the electricity sector were adopted by the ministry of economy in July of 2005. The additional requirements regarding quality may be added in the contracts concluded with customers. The following list describes the set standards. However, there is no compensation provided for consumers when the company does not meet the quality requirements.

- Restoring/reconnecting supply: Three categories of consumers are separated out due to the period of time to restore the supply after the interruption. Ordinary to the 1st category belong large industrial undertakings, and to the 3rd domestic consumers connected to the low voltage. Restoring time equals to: 1st category: up to 3 s., 2nd category: up to 2.5 hours and the 3rd category: up to 24 hours.
- Connection (supply and meter): Period of time of simple connection of new domestic and non-domestic consumers shall be 15 working days after the signing of the connection agreement. Simple connection means that there is no special agreement between consumer and operator regarding the additional (complicated) connection works.

- Notice of supply interruption: Period of time between the notification and the planned interruption shall be at least 10 calendar days for both domestic and non-domestic consumers.
- Reconnection following non-payment resolution: No longer than 5 working days for domestic consumers and 2 working days for non-domestic consumers.
- Meter problems: Period of time to eliminate the detected fault of the meter shall be no longer than 10 calendar days for domestic consumers and 2 working days for non-domestic consumers.
- Response to customers' letters and claims: At least 95% of all received consumer's claims must be investigated during a 30 calendar day period.
- Reconnection following lack of payment: No longer than 5 working days for domestic consumers and 2 working days for non-domestic consumers.

The Norwegian Example

The regulator in Norway has no direct requirements on such issues (e.g. how fast a customer must be connected to the grid). The regulator does not monitor the time the grid companies use to connect customers to the grid. However, the regulations in the Energy Act imply that the grid company must connect customers with reasonable time. The regulator may ask the grid companies for an annual report on how long it takes to connect new customers to the grid.

Concerning the quality of supply, there are some regulations. In case of disconnection, the grid company shall unabated restore connection to affected customers. The regulator monitors the repair speed indirectly by following the disconnection reporting from the grid companies. In case of a major incident the regulator normally asks for a specific report from the relevant grid companies. Also, in Norway the industry has standard agreements which among other things take into consideration commercial quality.

The Polish Example

In the event that the energy enterprise fails to meet the quality standards of customer services in Poland (except fixed penalty charges that shall be determined in the manner specified below) customers are entitled to request for a discount to the extent stipulated in a tariff or contract. The energy enterprise is bound to investigate the request within 30 days following its submission to the customer.

- Refusal to accept notifications or complaints from the customer 3.93 €
- Unjustified delay in the elimination of disturbances in the supply of electric energy caused by an improper operation of the grid 18.85 €
- Refusal to provide the customers, at their request, with information about the predicted date of resuming the supply of electric energy, interrupted due to a grid breakdown 1.88 €
- Failure to notify customers supplied from a grid with a nominal voltage not higher than 1 kV, at least five days in advance, of the dates and duration of the planned interruptions in the supply of electric energy in the form of press releases, radio or TV news, or otherwise, as customarily accepted in the given territory 3.93 €
- Failure to individually notify customers supplied from a grid with a nominal voltage higher than 1 kV, in writing, by telephone or by using other means of telecommunication, at least five days in advance, of the dates and duration of the planned interruptions in the supply of electric energy 39.26 €
- Failure to notify at least a week in advance the customers supplied from the grid with the nominal voltage higher than 1 kV, of an intended change in the

- parameters of the safety automation and other parameters affecting the co-operation with the grid 18.85 €
- Failure to provide written notice in writing, at least one year in advance, to customers supplied from a grid with a nominal voltage not higher than 1 kV, concerning the necessity to adjust the installations to the changed supply conditions 18.85 €
 - Failure to provide written notice, at least three years in advance, to customers supplied from a grid with a nominal voltage higher than 1 kV, concerning the necessity to adjust the installations to the changed nominal voltage, increased level of short circuit capacity and other grid operation conditions 39.26 €
 - Unjustified refusal to undertake, against payment, specified actions in the grid in order to allow the safe performance of work in the area of influence of that grid by the customer or another entity 18.85 €
 - Failure to provide information at the request of the customer regarding the principles of settlements and current tariffs 1.88 €
 - Extending the 14-day period granted for the consideration of a request or complaint of the customer, regarding the principles of settlements and providing a response thereto, for each day of delay 0.57 €

The Portuguese Example

Regulation of quality of service in the gas sector is not yet completely defined. There is a preliminary Quality of Service Code published by General Directorate of Energy. Nowadays, regulation of the Quality of Service Code is a responsibility of ERSE and a new Code is expected for a near future.

In the Electrical Sector, there has been a Quality of Service Code published and in force since 2000. The following answers relate to electricity.

Portugal gives standards for commercial quality and also gives an estimation of how thoroughly the standards ought to be met. The following list (referring to LV customers) introduces first the indicator as such, then the percentage that should at least be gained (Standard), and then the percentage referring to the actual level achieved in 2004 (Achieved).

- Estimated charges for new connections to be responded to within 20 working days - Standard: 95 %, Achieved: 99.6 %
- Customer's premises to be connected within 20 working days – Standard: 95 %, Achieved: 95.3 %
- Customers to be provided with supply and meter within 2 working days (after supply contract signature) – Standard: 90 %, Achieved: 93.6 %
- Visiting customers with a waiting time up to 20 minutes in customer centers – Standard: 90 %, Achieved: 95.8 %
- Phone enquiries to be responded to within 60 seconds – Standard: 80 %, Achieved: 95.9 %
- Electricity supply to be restored following faults within 4 hours – Standard: 80 %, Achieved: 96.5 %
- Customer complaints to be responded to within 15 working days – Standard: 95 %, Achieved: 98.8 %
- Written information requests to be responded to within 15 working days – Standard: 90 %, Achieved: 91.4 %

- Customers' meters read with firm reading at least once a year – Standard: 98 %, Achieved: 96.7 %

The Romanian (electricity) Example

In Romania, a set of indicators are in force, as described in the “Electricity Supply Standards of Performance” – ANRE (National Electricity Regulatory Authority) President Order 34/1999. These differ totally from those of the CEER. The revision of this document, however, will result in consistency with the CEER indicators⁶. Currently suppliers report annually based on this set of indicators and ANRE creates benchmarks.

The only coincidental standard Romania has in the legislation for the electricity sector, is that the response time for supplier to make an offer (price, contractual terms and so on) should be no longer than 15 days if the customer is already connected to the grid (and 30 days otherwise).

The Romanian (gas) Example

Romania has obligations for gas companies:

- Obligation for the distribution company to restore supply as soon as possible, and this activity is considered a performance one, if supply is restored below 12 hours
- Obligation to conclude supply contract with customer in 15 days after all documentation is complete
- Obligation to restore supply after 24 hours from the moment when all the debts are paid (in case the disconnection is a result of failure to pay)
- Obligation to cut supply from the day when the consumer cancels the contract, and after that operates disconnection; there is no specified time for disconnection
- Obligation to solve consumer complaints regarding metering and regarding bills in 10 days
- Obligation to analyze and solve consumer complains regarding gas pressure and quality, and to answer to consumer in 15 days.

The Turkish Example

The commercial quality of supply in Turkey is regulated in the Electricity Market Customer Services Regulation. Articles 11 and 12 of this regulation concern service quality and outages. Standards in commercial quality are, however, very general in nature (referring to basic business, not problem handling or service situations as such) and therefore difficult to compare with the other countries. One comparable standard, however, is that customers shall be informed about planned outages by the distribution licensee at least 48 hours prior to the outage, via the written, verbal or visual press.

⁶ Romania created by GD1007/2004 the conditions to implement a new system of guaranteed indicators and penalties for non-compliance.

3. Dispute Settlement

According to ERGEG's Guidebook of definitions, Dispute means "the ultimate negotiation phase where parties (a customer, a supplier and a system operator) cannot come to an agreement". Dispute settlement mechanisms are "the mechanisms in place to resolve disputes and complaints related to the transmission, distribution and supply of energy".

The answers that the questionnaire respondents gave, however, indicated that the term 'dispute' is commonly understood as a synonym for 'problem' or 'complaint'. Some responses in this section may therefore have been based on such an interpretation. Perhaps because of this and because a number of countries have no energy-specific dispute settlement board per-se (though stating that they had Ombudsmen, Consumer Protection Boards, regulators taking care of disagreements etc.) many sub-questions in this section were deemed irrelevant by respondents and thus left unanswered.

This section allows for the above qualifications by flexibly exploring the variety of approaches, structures and methods used in Europe for the settlement of disputes.

3.1. Introduction (Q 2.1)

The basic approach to dispute settlement seems to be similar amongst the respondent countries.

Typically⁷:

If a customer has a complaint, he/she first has to complain to the energy company directly. In case the problem is not solved satisfactorily in this way, the next step is normally to move to some kind of dispute settlement board. This can be the energy regulator, consumer ombudsman, a general customer protection board or a consumer protection board specialized in energy complaints. Either way, the complaint will be handled and both parties of the disagreement will have a chance to give their point of view. A dispute settlement board of one kind or another, then gives the decision, normally a recommendation (since it normally has no legal power) which is normally followed by the parties affected by the decision. In case one or both parties' dissatisfaction with the decision, the final solution/option is to go to the court.

Respondent's descriptions of dispute settlement in general, and their descriptions of alternatives for dispute resolutions (negotiation, mediation, conciliation, arbitration) are given below and summarized in Figure 2.

⁷ Procedures vary from country to country. This is simply a typified procedure and may not entirely reflect any one country.

Figure 2: Dispute Settlement

	Local Mediators, Ombudsmen etc.	Consumer Protection Boards (of general nature)	Energy Regulators	Dispute Settlement Boards or Advice Bureaus specialized in energy
Austria		Regional Chambers of Labor, Consumer Counsel	E-Control	
Denmark			Danish Energy Regulatory Authority	Danish Energy Supplies Complaint Board
Estonia		Estonian Consumer Protection Board	Energy Market Inspectorate (EMI)	
Finland		Consumer Complaint Board	Energy Market Authority (EMA)	
France	Médiateur de la République, Médiateur EDF, Médiateur Gaz de France etc.	Local dispute settlement commissions	Commission de Régulation de l'Energie (network access), Tribunal of commerce (supply and commercial issues)	
Greece	The Consumer Ombudsman	The Body for Consumer Protection of the Public Services	Regulatory Authority for Energy of Greece (RAE)	Settlement Body only for metering disputes in the Gas sector
Hungary			Hungarian Energy Office (HEO), Department of Consumer Protection	
Ireland			The Commission for Energy Regulation (CER)	
Italy	Local Chamber of Commerce		Autorita per l'Energia Elettrica eil Gas (AEEG)	
Latvia			Public Utilities Commission (PUC)	
Lithuania		The National Council for Consumer Protection	The State Energy Inspectorate, The National Control Commission for Prices and Energy	
Norway	Consumer Ombudsman	Consumer Council	Norwegian Water Resources & Energy Directorate (NVE)	Committee for electricity complaints
Poland	District Ombudsmen	Competition and Consumer Protection Authority	The Energy Regulatory Office (ERO)	
Portugal		Consumer's Institute, Consumer's Arbitration Centers	The Energy Services Regulatory Authority (ERSE)	
Romania (gas)			National Regulatory Authority for Natural Gas (ANRGN)	
Romania (electricity)			Romanian Electricity Regulatory Authority (ANRE)	
Slovenia			Energy Agency of the Republic of Slovenia	
Spain	19 Regional Administrations			
Sweden	Local energy advisors in municipalities / Customer Ombudsmen	National Board for Consumer Complaints	Energy Markets Inspectorate	Swedish Consumer Electricity Advice Bureau
Turkey			Energy Market Regulatory Authority of Turkey (EMRA)	

3.2. Dispute settlement board (Q 2.2)

In some countries it is just the energy regulator who deals with customers' complaints; in some countries there is a consumer protection board of a general nature, or local consumer ombudsmen. In Spain there are 19 regional administrations that are responsible for consumer affairs. Only few countries have an independent (not the regulator) dispute settlement board that specializes in energy (Denmark, Norway and Sweden).

3.2.1. Implementation of dispute settlement in European countries?

The Austrian Example

E-Control is forced by law to try to settle disputes between customers and energy companies or between other market participants. Therefore E-Control has implemented a dispute settlement board, which is the only official dispute settlement authority especially for energy disputes. Customers or other market participants have the possibility (no obligation) to address the dispute settlement board in case they have a problem with the other party of the contract or when they cannot comprehend their energy bill. As a result of a proceeding either a solution, which both parties agree with, is found or the complainant can appeal to court.

The Danish Example

The Energy Supplies Complaint Board deals with consumer complaints concerning the supply of electricity, natural gas and district heating. The Board has been established in co-operation between the Danish Consumer Council and the Association of Danish Energy Companies, the Danish Natural Gas Suppliers and the Danish Heating association. According to the Act on Consumer Complaints the Board is officially authorized by the Minister for Family and Consumer Affairs.

The Estonian Example

In the event of a dispute in Estonia, the first step is to give a written complaint to the Energy Market Inspectorate (EMI). Alternative solutions are to complain to the Estonian Consumer Protection Board and finally the court.

The Finnish Example

Dispute settlement in Finland depends on the nature of the complaint. The Energy Market Authority can solve complaints on issues within the competence of the regulator. For instance, it can not settle individual contractual disputes between energy companies and customers. One option to settle disputes is to make a complaint to the Consumer Complaints Board. The board's decisions are not legally binding but they have been generally followed by energy companies.

Additionally, disputes can be settled by the general court. In business contracts there are several dispute settlement possibilities for contractual parties: negotiation, mediation and arbitration. The importance of the contract for parties may be the most relevant factor when selecting a dispute settlement procedure. The right of the parties to choose the procedure is based on general contract law.

The French Example

In the event of a dispute in France, the first step is negotiation with the supplier. After that there are several options. Mediation with a public (Médiateur de la République) or private (Médiateur EDF, Médiateur Gaz de France) mediator is possible, as well as

conciliation via local dispute settlement commissions. Arbitration can be done by the regulator, Commission de régulation de l'énergie (CRE) or by Tribunal of commerce regarding network access and by the Tribunal of Commerce for supply and commercial issues. The regulator is the dispute settlement board for third-party access to network and infrastructures.

The Greek Example

In Greece there are different dispute settlement procedures between customers and suppliers, not specialized for the electricity or gas sector. The standard process for the customer is to first try to solve the problem with the energy supply company. If no resolution is reached then there are several out of court options for dispute settlement through various authorities. The independent Authority of the Consumer Ombudsman has recently been established by law and deals with disputes between consumers and suppliers. When no settlement is achieved, the ultimate action of the Authority is to publish the case. There is also the authority of the Greek Ombudsman who is restricted to disputes between Public companies or organizations and individuals or companies. The authority investigates the cases with the cooperation of the public companies and may publish a conclusion report that is also sent to the corresponding Ministry and company. The company should respond to the conclusion report and its proposals. In Greece there is also a special Body for Consumer Protection of the Public Service Companies (established by the Law of Consumer protection) who puts forward proposals and recommendations to the public service companies, for the improvement of their services, on aggregated consumer complaints. The Minister of Commerce may impose a penalty to public service companies, after the proposal of the Body, in case the public service company refuses to provide explanations or information asked by the Body. The Regulatory Authority of Energy (RAE), although has no legal authority for imposing measures of economic compensation to consumers, encourages consumers to report their complaints to RAE in order to observe the market complications and take all necessary measures pertaining to the observation of rules of competition and the protection of the consumers in the energy market. RAE may impose penalties to the companies, in case they violate the existing legal framework. Please note that in the gas sector, the Gas Law 2364 allows for the establishment of a special settlement Body, recommended by RAE, which is concerned only with metering disputes. The final option for the energy consumer is to appeal to the court.

The Hungarian Example

In Hungary the complaint-handlings procedure starts with the supplier. If the problem is not solved, the next step is to turn towards the Department of Consumer Protection in the Hungarian Energy Office (HEO). The last step (optional) is appealing to the court.

The Irish Example

Ireland is currently working to introduce an independent complaints service within the Commission to facilitate customers who have not been successful in resolving their complaint with their supplier or network operator.

The Italian Example

In Italy, the Local Chamber of Commerce manages conciliation between the energy company and the customer, but only if this has been agreed by both of the parties involved. In practice, the supplier may refuse the examination of the dispute. The regulatory authority has been charged by law with the task of evaluating complaints about electricity and gas service and managing out-of-court disputes solution procedures. The authority evaluates a complaint only after the customer has made an

attempt to resolve the problem with the supplier. The authority won't evaluate disputes which are not addressing service supply or disputes concerning liability issues. When a complaint is found to be justified, the Authority may make an attempt to persuade the utility to comply (moral persuasion, informal procedure) or issue an order to comply (formal procedure). The Informal approach usually leads to the solution of the case. If an order to comply is issued and the utility does not take the expected measures, the Authority has the power to fine the utility. However, the regulatory authority may fine the utility also in the cases where an investigation proves that a provision issued by the regulator was violated.

The Latvian Example

The Latvian regulator, the Public Utilities Commission (PUC), is a compulsory preliminary out-of-court authority which reviews all the disputable cases arising from the provision of public services and other disputes on issues that are within the competence of the regulator, except the disputes over debt recovery. Disputes over debt recovery are reviewed by court in accordance with the procedures set by law. The law does not mention alternative dispute resolution methods, such as mediation, but nevertheless the regulator has elaborated the inner dispute settlement procedure where mediation is set as a means of solving conflicts.

The Lithuanian Example

In Lithuania, the National Council for Consumer Protection under the Ministry of Justice holds a preliminary extra-judicial hearing of complaints by customers concerning the application of unfair conditions on the sale or service agreements. Secondly, the State Energy Inspectorate holds a preliminary extra-judicial hearing of complaints concerning the malfunctioning of energy facilities and breakdowns of equipment and metering instruments, breaches of the requirements of maintenance, energy quality, accounting of and payment for energy, accidents, interruption, suspension or restriction of energy supply. Thirdly, the National Control Commission for Prices and Energy (NCC) holds a preliminary extra-judicial hearing of complaints concerning acts or omissions of energy enterprises in supply, distribution, transmission, storing of energy, failure to grant them a right to use networks and systems, connection, balancing of energy supply flows, application of prices and tariffs.

The Norwegian Example

Dispute settlement in Norway is conducted by various bodies, depending on the nature of the complaint. The regulator, the Norwegian Water Resources & Energy Directorate (NVE), settles disputes by making decisions that the company must follow if the consumer's complaint is sustained. The regulator only decides about issues according to the authority assigned to NVE. A number of private-law problems thus lie outside the responsibility of the regulator. Such issues are treated by the Committee for electricity complaints. This committee treats contractual issues, not issues based on price alone. The consumer must have made a written complaint to the company prior to complaining to the committee. The committee's decisions are advisory, but are mainly followed by the companies.

The Polish Example

The authority responsible for dispute settlement in Poland is the President of the Energy Office (ERO). The procedure of dispute settlement is instituted by the regulator only at the request of one of the parties committed in the dispute. Dispute settlement is of a quasi-judicial nature, where the regulator executes the role of a judge. It is carried out in

accordance with the Code of Administrative Procedure. The regulator is obligated to carefully examine particular cases, estimate and balance the interests of both parties, collect any possible information and documents and, if it is required, make use on independent experts' statements. Parties have a right to study the files and present the regulator with their viewpoints. The law enables the parties to appeal the decision issued by the President of ERO to the Warsaw Regional Court – the Antimonopoly Court - within two weeks from the date of the decision. The appeal procedure is conducted in accordance with the Code of Civil Procedure. Upon request of one of the parties the regulator may determine terms of commencing or continuing supplies until the dispute is finally resolved. Parties during the hearings are encouraged by the regulator to negotiate matters in dispute in order to reach a compromise solution. Within ERO the Energy and Fuels Consumers' Ombudsman and the Regional Offices also deal with consumers' complaints. In most cases they provide legal guidance and information concerning complaint-related matters and the relevant bodies to whom the consumers may refer. Sometimes they take mediatory actions or participate in conciliatory meetings.

The Portuguese Example

If the complaint has not been handled satisfactorily by the company, the customer can appeal to consumer associations such as the Consumer's Institute, Consumer's Arbitration Centers and The Energy Services Regulatory Authority (ERSE). Usually dispute resolution is achieved through extrajudicial mechanisms: mediation, conciliation and voluntary arbitration. The recourse to the alternative dispute resolution solutions, such as mediation or conciliation, does not prevent the possibility to recourse to the courts or other jurisdictional legal authorities. ERSE promotes the resolution of commercial or contractual conflicts through the following alternative dispute mechanisms: Conciliation (ERSE suggests an agreement between the parties in what concerns the solution of the conflict) and mediation (ERSE recommends a solution for the conflict).

The Romanian Example

In Romania, electricity market disputes are resolved by the National Electricity Regulatory Authority (ANRE) through conciliation and arbitration. In the gas market the National Regulatory Authority has two responsibilities regarding dispute settlement. One is to mediate pre-contractual disputes regarding contracts concluded taking into consideration framework-contracts elaborated by the regulator and the other is to settle the disputes on refusal of access to the natural gas transmission/distribution/storage systems and to upstream pipelines.

The Slovenian Example

Initially, the Energy Agency of the Republic of Slovenia decides on disputes between network users, or interested parties and the system operator or the market organizer regarding individual matters relating to access to the network: the price charged for the use of networks, alleged infringement of general conditions for supply and system operating instructions (network code) and imbalances and funds needed to cover the costs for balancing, as well as infringement of general acts regulating balancing. The Energy Agency also decides on appeals against a decision regarding a connection approval.

The Spanish Example

In Spain customers must contact their regional administrations (of which there are 19 in the country), if they have a problem with their company.

The Swedish Example

In Sweden the regulator, the Energy Markets Inspectorate (EMI) is responsible for solving certain disputes between distribution companies and consumers. There is also a National Board for Consumers' Complaints (NBCC), which submits recommendations on how disputes should be solved. The recommendations of the NBCC are not binding, but the majority of companies follow them. If they do not, the consumer can always turn to the court. A claim (NBCC) must, however, exceed 2000 SEK for both electricity and gas. There is also a special dispute settlement body for electricity, the Swedish Consumer Electricity Advice Bureau (SCEAB), which is directed by two authorities (the Swedish Consumer Agency and the Swedish Energy Agency) together with the electricity branch organization (Swedenergy). The bureau provides advice and guidance to consumers in various matters concerning the electricity market. All information and guidance is free of charge.

The Turkish Example

Turkey states that the law does not have any specific provision for dispute settlement concerning disputes between customers and their energy suppliers. According to Customer Protection Law, customers may apply to a court to protect their rights.

3.2.2. Organization of the dispute settlement board

Three countries (Denmark, Norway and Sweden) are known to have dispute settlement boards which are specialized in energy. These countries provide interesting cases regarding the establishment, structure and role of energy dispute settlement boards. This section initially looks at these three case countries and then investigates all the countries to find out: 1) whether there is a difference in dispute settlement between gas and electricity sectors and 2) what the role of the regulator is in each country.

The Danish Example

The Danish Energy Supplies Complaint Board has been established in co-operation between the Danish Consumer Council and the Association of Danish Energy Companies, the Danish Natural Gas Suppliers and the Danish Heating association. The Board deals with consumer complaints concerning the supply of electricity, natural gas and district heating. The Board is composed of a judge (as chairman) and four members. After a written hearing the Board makes its decisions.

The Norwegian Example

In Norway, the Committee for electricity complaints was established in 1991 after an agreement between the association of energy companies and the consumer council. The committee treats contractual issues, not pure price questions. The consumer must have made a written complaint to the company prior to complaining to the committee. The committee consists of a chairman in a juridical position and two members appointed by each of the parties. There are plans for strengthening the Committee for electricity complaints.

The Swedish Example

Sweden has a special dispute settlement for electricity, The Swedish Consumer Electricity Advice Bureau. The bureau's activities commenced spring 2002. The principals are two authorities, the Swedish Consumer Agency and the Swedish Energy Agency (with representatives from the Energy Markets Inspectorate), together with the electricity branch organization, Swedenergy. The bureau provides advice and guidance

to consumers in various matters concerning the electricity market. The bureau offers pre-purchase information concerning suppliers and their prices and provides information about the process connected with a change of an electricity supplier. The bureau also helps consumers for example to understand different terms in their electricity bill, with contracts concerning electricity supply and with common terms used in the electricity supplier's marketing.

Is there a difference in electricity and gas?

In many countries there is no difference in the dispute settlement for gas and electricity. Such countries include Austria, Estonia, Hungary, Ireland, Italy, Latvia, Poland, Portugal, Slovenia, Spain and Sweden. Romania and Greece, however, have different dispute settlement authorities or procedures for electricity and gas.

The role of the regulator in dispute settlement

Regulators typically have a role in dispute settlement, but normally the regulators' decisions do not have legal power. In some countries, however, the regulator does not really have anything to do with dispute settlement. Quite often the regulator just has the role of watching over energy markets in general, but is not necessarily given the task of helping individual customers with their complaints. The following countries responded to this question.

The Austrian Example

The dispute settlement board is resident within E-Control (the regulator).

The Danish Example

The Danish Energy Regulatory Authority (DERA) supervises the fairness of the prices and conditions of the companies based on the provisions of the Electricity and Natural Gas Act. DERA can order that the prices and conditions are to be amended.

The Estonian Example

The main competence of the regulator is to supervise fuel and energy markets. The regulator's decision can be challenged but can only be canceled by a court.

The French Example

The regulator's role is to take binding decisions about disputes related to access to network and infrastructures.

The Irish Example

As per the EC directive the regulator is charged with setting up an independent complaints resolution service for gas and electricity customers.

The Italian Example

The regulator has a direct role in the enforcement of the provisions adopted, including the investigation of individual customers' complaints. Moreover, the regulator is actively promoting the development of extra-judicial dispute settlement procedures involving both utilities and consumer organisations, and formally invited utilities to participate in the voluntary conciliation procedures available at the local Chambers of Commerce.

The Latvian Example

The regulator passes decisions on cases of dispute settlement and sets the procedures and terms for implementing those decisions. The regulator's decision on a dispute settlement case can be challenged and appealed to the court within one month of it having been passed by the person whose legal interests have been restricted by such a decision. If a regulator's decision on dispute settlement case is not challenged and appealed in court, its implementation is ensured following the procedure and terms set by that decision.

The Norwegian Example

The regulator decides only about some issues concerning direct customer complaints (typically access to network, pricing of network services and tariffs). Concerning procedural rules, the regulator is an administrative body, placed under the Civil Services Act. The rules for the Civil Procedure Act apply for the courts of justice. In this way the courts are bound by the statements of the parties. There is no such distinct legal basis for the regulator in the Norwegian legal frame work, and neither in the Directive.

The Polish Example

The only body responsible for dispute settlement is the regulator, whose decisions are legally binding. Though there is no collegiate body dealing with dispute matters, in practice the employees of the ERO suggested by the regulator conduct the proceedings.

The Portuguese Example

The role of ERSE is significant; it has the obligations to try to solve commercial and contractual conflicts between distributors and customers; protect the interests of consumers in relation to prices, services and quality of supply; inspect the companies register of complaints presented by consumers; answer to consumers' information requests; play a proactive role in consumer education and publish information concerning matters of consumer's interest.

The Romanian (electricity) Example

The regulators role is to impartially solve disputes.

The Romanian (gas) Example

The regulator's role is to solve disputes on refusal of access to the natural gas transmission/distribution/storage systems and to upstream pipelines and to mediate pre-contractual disputes regarding contracts concluded taking into consideration framework-contracts elaborated by the regulator.

The Slovenian Example

Initially, the Energy Agency of the Republic of Slovenia decides on disputes between network users, or interested parties and the system operator or the market organizer regarding individual matters relating to access to the network: the price charged for the use of networks, alleged infringement of general conditions for supply and system operating instructions (network code) and imbalances and funds needed to cover the costs for balancing, as well as infringement of general acts regulating balancing. The Energy Agency also decides on appeals against a decision regarding a connection approval.

The Spanish Example

The regulator has no power to resolve consumers' disputes. The regulator can, however, advise consumers and provide information on the steps to be taken when issuing a complaint.

3.2.3. How does the settlement board work (according to 98/257/EC)?

'98/257/EC' relates to the commission recommendation about the principles applicable to the bodies responsible for out-of-court settlement of consumer disputes. The recommendation was given as of 30.3.1998. The recommendation was given because of:

"the need to boost consumer confidence in the functioning of the internal market and consumers' scope for taking full advantage of the possibilities offered by the internal market, including the possibility for consumers to settle disputes in an efficient and appropriate manner through out-of-court or other comparable procedures"

"the need for such procedures to meet minimum criteria guaranteeing the impartiality of the body, the efficiency of the procedure and the publicizing and transparency of proceedings".

The principles that will be introduced in this chapter are principles that the commission recommends should be respected by all bodies with responsibility for out-of-court settlement of consumer disputes.

Principle of Independence

"The independence of the decision-making body is ensured in order to guarantee the impartiality of its actions. When the decision is taken by an individual, this independence is in particular guaranteed by the following measures: 1) The person appointed possesses the abilities, experience and competence, particularly in the field of law, required to carry out his function; 2) The person appointed is granted a period of office of sufficient duration to ensure the independence of his action and shall not be liable to be relieved of his duties without just cause and 3) If the person concerned is appointed or remunerated by a professional association or an enterprise, he must not, during the three years prior to assuming his present function, have worked for this professional association or for one of its members or for the enterprise concerned. When the decision is taken by a collegiate body, the independence of the body responsible for taking the decision must be ensured by giving equal representation to consumers and professionals or by complying with the criteria set out above" (98/257/EC).

The Austrian Example

Since the dispute settlement board in Austria is resident within the regulator, it is independent of energy enterprises and consumer pressure groups.

The Danish Example

The Danish Energy Supplies Complaint Board has been established in co-operation between the Danish Consumer Council and the Association of Danish Energy Companies, the Danish Natural Gas Suppliers and the Danish Heating association. The Board deals with consumer complaints concerning the supply of electricity, natural gas and district heating. The Board is composed of a judge (as chairman) and four members. After a written hearing the Board makes its decisions.

The Latvian Example

The regulator is independent in implementing its function regarding dispute settlement. Implementing its functions, taking decisions or issuing administrative acts the commission is not subject to the resolutions of the government or its institutions. Decisions taken and administrative acts issued by the regulator can be admitted as illegal and canceled only by a court.

The Norwegian Example

The committee for electricity complaints consists of a chairman in a judicial position and two members appointed by each of the parties. As for the regulator, it is an independent body from the ministry of energy.

The Polish Example

The President of ERO is appointed for a five year term by the Prime Minister – at the request of the minister responsible for the economy. The regulator may be recalled before the end of his term of office only in case of incapability of performing duties as a result of a disease, gross violation of duties, commitment of a crime and resignation. According to the new legal arrangements (entered into force on 1 September 2005) the candidate, finally appointed as the President of ERO by the Prime Minister, has to win a competition proceeding.

The Romanian (gas) Example

The settlement board for disputes on refusal of access is formed from five authority members and is thus considered to be independent.

The Swedish Example

A department in the national Board for Consumer Complaints constitutes a quorum when the chairperson and four other members are present. A department also constitutes a quorum when the chairperson and two other members, unless one of the members requests that four members participate. The chairperson is a lawyer and has court experience. The other members come from various consumer and trade organizations.

Principle of Transparency

Appropriate measures are taken to ensure the transparency of the procedure. These include: 1) Provision of the following information, in writing or any suitable form, to any person requesting it: a) a precise description of the types of dispute which may be referred to the body concerned, as well as any existing restrictions in regard to territorial coverage and the value of the dispute; b) the rules governing the referral of the matter to the body, including any preliminary requirements that the consumer may have to meet, as well as other procedural rules, notably those concerning the written or oral nature of the procedure, attendance in person and the languages of the procedure; c) the possible cost of the procedure for the parties, including rules on the award of costs at the end of the procedure; d) the type of rules serving as the basis for the body's decisions (legal provisions, considerations of equity, codes of conduct, etc.); e) the decision-making arrangements within the body and f) the legal force of the decisions taken, whereby it shall be stated clearly whether it is binding on the professional or on both parties. If the decision is binding, the penalties to be imposed in the event of non-compliance shall be stated, as shall the means of obtaining redress available to the losing party. 2) Publication by the competent body of an annual report setting out the decisions taken, enabling the results obtained to be assessed and the nature of the disputes referred to it to be identified" (98/257/EC).

The Austrian Example

E-Control has issued guidelines for proceedings at the dispute settlement board

The Danish Example

All decisions are public. All guiding decisions are published on the Board's website.

The Latvian Example

Decisions shall be issued in writing and shall include all relevant information about the parties, the claim, the stages and the result of the proceeding, list of norms of law applied, the measures that have to be taken because of the decision etc.

The Norwegian Example

Information is being published on a web site.

The Polish Example

The Energy Law provides for the scope of disputes that can be resolved by the regulator. Any person can obtain in writing information from ERO on any necessary details concerning dispute settlement (procedural rules, preliminary requirements that consumers may have to meet, etc.) All stages of the proceedings are conducted according to the law in force and documented in a report (the final version has to be accepted by both parties). The summary description of the investigated disputes as well as the quantitative and topic characteristic of the complaints examined by the Ombudsman and the Offices Regional are presented on the annual basis, in the reports on the regulator's activity.

The Romanian (gas) Example

All the information can be offered to any person requesting it. Since this settlement board has been operating for such a short time, no annual report has yet been published.

The Swedish Example

The National Board for Consumer Complaints publishes all their information on their homepage so that consumers and others can easily find it. Consumers can for example find information about the types of disputes the Board is handling, the decision-making arrangement and rules. The board also informs customers that it is free of charge (costs them nothing) to try a dispute and that the Board submits recommendations on how disputes should be resolved. The information is even in several different languages.

Adversarial Principle

"The procedure to be followed allows all the parties concerned to present their viewpoint before the competent body and to hear the arguments and facts put forward by the other party, and any experts' statements" (98/257/EC).

The Danish Example

A written process is established prior to decision-making.

The Norwegian Example

When the regulator receives a complaint the regulator contacts the defendant in writing for a statement, usually with a deadline of three weeks.

The Polish Example

The Code of Administrative Procedure requires the regulator to take into consideration viewpoints of both parties of the dispute. Experts' statements, if he recognizes it necessary to consider a case, may support a regulator's decision.

The Romanian (gas) Example

The settlement procedure for disputes on refusal of access allows all the parties concerned to present their viewpoint and to hear the arguments put forward by the other party.

The Swedish Example

The process of the board is purely in writing. If the matter is not rejected for formal reasons, the Board asks the company to comment on the consumer's claims. The consumer in turn has an opportunity to see and comment on the company's response. Both parties have the right to submit written evidence in the form of e.g. contracts.

Principle of Effectiveness

"The effectiveness of the procedure is ensured through measures guaranteeing: 1) That the consumer has access to the procedure without being obliged to use a legal representative; 2) That the procedure is free of charges or of moderate costs; 3) That only short periods elapse between the referral of a matter and the decision and 4) That the competent body is given an active role, thus enabling it to take into consideration any factors conducive to a settlement of the dispute" (98/257/EC).

Note: In the following description the time related to the length of the procedure of dispute settlement (point 3 above) will be handled below under the title "Costs and time related to resolution of conflicts", and the cost issue (point 2 above) is introduced under the title "Is there any costs for the consumers?"

The Polish Example

Any party without obligation to use a legal representative can apply for the dispute settlement and participate in the proceeding. The regulator, according to the Code of Administrative Procedure, is obligated to take into consideration any factors that may conduct to a settlement of the dispute and issue a decision within a period of time given by law.

The Romanian (gas) Example

The consumer has access to this procedure without being obliged to use legal representatives. Since the settlement board is formed from regulatory members, it can take into consideration any factors conducive to a settlement of the dispute.

Principle of Legality

"The decision taken by the body may not result in the consumer being deprived of the protection afforded by the mandatory provisions of the law of the State in whose territory the body is established. In the case of cross-border disputes, the decision taken by the body may not result in the consumer being deprived of the protection afforded by the mandatory provisions applying under the law of the Member State in which he is normally resident in the instances provided for under Article 5 of the Rome Convention of 19 June 1980 on the law applicable to contractual

obligations. All decisions are communicated to the parties concerned as soon as possible, in writing or any other suitable form, stating the grounds on which they are based” (98/257/EC).

The Danish Example

All the decisions are motivated and communicated to the parties by mail. The consumer is also informed of the possibility to go to court if he/she is unhappy with the decision or if the supplier will not follow the Boards decision. Those decisions, which are of common interest, are also published on the homepage of the Energy Supplies Complaint Board.

The Norwegian Example

Decisions made by the regulator may be appealed to the energy ministry within three weeks following notification. Decisions made by the Committee for electricity complaints are advisory. In case of disagreement the parties have to go to a civil court.

The Polish Example

Similar to Romania, parties are informed in writing on any actions taken by the Regulator during the proceedings. The decisions issued by the regulator, also in writing, always includes the legal basis of the decision and as well as information on the right to appeal against the decision.

The Romanian (gas) Example

Decisions taken by the settlement body can be preliminarily notified to the settlement body within 30 days (if there are some serious reasons this term can be 6 months) and then can be appealed to Ordinary Court in more than 6 months (if there are some serious reasons this term can be one year).

The Swedish Example

All recommendations are motivated and communicated to the parties. The Board sends a copy of the decision to both parties. The consumer is also informed of the possibility to go to court if he/she is unhappy with the decision or if the supplier won't follow the Boards recommendation. Those decisions which are of common interest are also published on the homepage of the National Board for Consumer Complaints.

Principle of Liberty

“The decision taken by the body concerned may be binding on the parties only if they were informed of its binding nature in advance and specifically accepted this. The consumer’s resource to the out-of-court procedure may not be the result of a commitment prior to the materialization of the dispute, where such commitment has the effect of depriving the consumer of his right to bring an action before the courts for the settlement of the dispute” (98/257/EC).

The Austrian, Danish, Romanian (gas), Polish and Swedish Example

All stated that dispute settlement is an alternative dispute resolution and not mandatory. Also, it is possible to appeal to court.

Principle of Representation

“The procedure does not deprive the parties of the right to be represented or assisted by a third party at all stages of the procedure” (98/257/EC).

The Lithuanian Example

Every consumer or other juridical body has a right to claim action or inactivity of licensed company. Each licensed company must adopt its own regulations for investigation of consumer claims and information requests. Regulations should be coordinated with the regulator (NCC). Each licensed company must send to the regulator an annual report on consumers' claims investigation. The most important subjects and terms of investigation should be defined.

The Danish Example

The process of the Board is only in writing, therefore, it is presupposed, that there is no need for the consumer to be represented by a lawyer or another third party. Both the consumer and the energy company have the right to be represented by a third party, e.g. a lawyer.

The Polish, Latvian and Romanian (gas) Example

The parties have the right to be represented or assisted by a third party at all stages of dispute settlement procedure.

The Portuguese Example

The process of conflict resolution is managed by impartial personal, in fact regulator employees. ERSE intervention has to be asked for by the parties concerned, directly or through a representative (e.g. consumer association). ERSE intervention takes place after complaint presentation to the supplier by the customer. The results of dispute settlement, and any other relevant documents, are always reported to the consumer, preferably in writing. Any agreement achieved during the resolution conflict process has to respect the principle of legality and fairness.

The Swedish Example

The process of the Board is only in writing, therefore it is often not necessary for the customer to be represented by a third party.

Are there any costs for the consumers?

Denmark and Slovenia were the only countries (of the ones that replied to this question) which had a cost for the consumer in the case of dispute settlement. Even these were very moderate fees; approximately 20 euros in Denmark, and Slovenia stated that the consumers have to pay an administrative fee in accordance with the Energy Act of administrative tax. Austria, Finland, Latvia, Romania (electricity and gas), France, Norway, Portugal and Sweden all said that the dispute settlement is free of charge to the consumer. Costs in this instance refer to fees for dispute settlement itself (not normal mailing and copying costs, own costs for attending hearings etc).

Costs and time related to resolution of conflicts

The costs for the consumers were explained in the previous chapter. Denmark and Poland were the only countries to comment on the costs for energy companies of dispute settlement. In Denmark the approximate costs for the energy company is 950 euros, if the company loses the case. In Poland the settlement procedure is free of charge to both of the parties.

It seems that most of the countries take care of dispute settlement within a six month time period following receipt of the complaint, but time periods vary substantially. Six months is the

goal for Denmark and Sweden (where the complaint is taken care of approximately within 5.3 months), in Latvia it takes a maximum of one month if the case is simple (and no more material has to be gathered or experts interviewed) and three months if the case is more complicated. In Poland the situation is very similar to Latvia: the dispute settlement procedure in Poland takes a maximum one month if the case is simple (and no additional material needs to be collected) and two months if the case is more complicated. In France and Slovenia the arbitration should be finished within 2-4 months and in Portugal four months. Austria's goal is six weeks; Romania's (gas) 55 days and Lithuania's only 30 days.

3.3. Experience from dispute settlement (Q 2.3)

3.3.1. How many complaints? Which topics?

How Many

The number of complaints in each country varies greatly. This is partly because of the different sizes of the countries and the age of the dispute settlement boards (whether consumers are aware of them or not), but also because of the various offices and boards that can be approached by the energy customers⁸. It should furthermore be noted that the number of complaints does not in itself indicate the quality of energy companies in the country. Large numbers of complaints might refer to well organized customer protection where customer's awareness is high (e.g. they know or can easily find out where and who to contact in the event of a dispute).

Depending on the country concerned, the following numbers are either actual numbers from 2003 or 2004, average numbers from several years, or estimates. In the interest of comparability, all numbers are given as approximate figures per year.

Greece stated that since there is no single Settlement Board in Greece, it is rather difficult to estimate the number of complaints related to electricity and gas. Finland also relies on estimates because there are no specific statistics concerning the complaints between the consumers and the energy companies. The annual amount of disputes concerning electricity contracts is approximated at 50. There are very few disputes concerning natural gas.

There are approximately 260 complaints per year in Austria and 96 in Romania (electricity). Portugal's ERSE receives around 440 complaints each year regarding the electricity and gas sectors, Hungary handles 809 complaints for electricity and 169 for gas, and in Italy the regulator received last year more than 1300 complaints (800 for electricity, 500 for gas). Latvia only has approximately 4 and Lithuania 107 complaints per year (5 disputes were investigated pursuant to the Preliminary Extrajudicial Procedure for Examination of Complaints approved by the regulator). In Sweden the Board has received 121 disputes concerning electricity supply.

The Norwegian regulator typically treats complaints dealing with tariffs and tariff structure, but also metering, settlement etc (number of disputes is around 100-150 per year, out of which about 20 are decided by a formal decision/resolution). In France only about 10 cases are

⁸ It is not always easy for the regulators to know all the complaints that are handled by all the different authorities.

submitted to the regulator yearly. Slovenia's Energy Agency yearly receives approximately 24 complaints.

In Romania (gas), since November 2004, there were only two complaints concerning access disputes. Concerning pre-contractual disputes there were around 10 complaints. In Poland the Electricity and Fuels Consumers' Ombudsman and the Regional Offices together receive about 1 400 complaints (about 900 concerning electricity, more than 100 gas and 370 for heating). The President of ERO settles about 150 disputes per year.

Topics

The most common topics for complaints were billing and prices.

The most common reasons for complaints in Austria are non-transparency of energy bills and other poor information from DSOs and suppliers. In Estonia billing (concretization metering or invoices), contracting (concretization consuming conditions and tariffs) and connection to network were key topics for complaints. Complaints in Lithuania refer mostly to energy prices, new consumer's connection and redemption of networks by consumers; in Italy interruption (electricity only), billing and payment, connection, supply conditions and quality of service.

In Finland topics of complaints are related to electricity connection, supply and network contracts (e.g. billing, metering, price, blackouts, responsibility of electrical installations and equipment, return of the connecting fees, quality of electricity, conclusion and expiration of the contract, consumer pricing as well as claims of securities from consumers). Norway's committee for electricity complaints handles private-law issues such as contractual terms, settlement errors, wrong bills etc. In Ireland the independent complaints service is in planning stage, but currently the regulator deals with the complaints which mainly concern long term estimated billing, customer service and network connection costs. In addition the regulator has the power to resolve disputes relating to charges for connection to the transmission and distribution system under the Electricity Act.

The majority of disputes that Slovenia's Energy Agency receives are appeals against a decision regarding a connection approval. In Poland the most common topics concern voltage and other electricity quality problems, heat and gas pricing, contracting (conditions and the way prices and charges deriving from the tariffs are calculated), connection to network, quality standards of gas and electricity and interruptions, illegal electricity consumption and fine levels and disconnections.

In the electricity sector in Portugal three main reasons for complaining are continuity of supply and voltage problems, damages in electrical equipments and invoicing; and in the gas sector installation and maintenance of gas grids and equipment, invoicing and conditions of the supply contract. Similarly, in the electricity sector in Greece (based on the complaints reported to RAE), the key topics of complaints include compensation claims for the damage of electric appliances caused by voltage fluctuations and complaints about the frequency and duration of interruptions (this is especially the case on the Greek islands). For the gas sector the topics are concentrated on delays in connection to the network and high tariffs for heating usage.

3.3.2. How many proceedings?

Typically very few if any proceedings take place. In Lithuania for instance, only one dispute was appealed to the Chief Commission of Administrative Disputes, but the complaint was rejected. A

further two decisions regarding the extrajudicial handling of disputes were appealed to the District Administrative Court. In Greece there have been no proceedings concerning LV customers. Austria has experienced somewhat more (approximately 260). Romania had 22 proceedings regarding electricity. In Poland the regulator investigated about 10 dispute cases mostly pertaining to connection issues (generally in heating) and the rendering of transmission services. In Slovenia, the six complaints that the Energy Agency has received during the first quarter of 2005 have all led to a procedure.

3.3.3. How informed are customers about where and how to turn to dispute settlement?

It seems that in most countries information is not being delivered to customers as such. It is mainly up to the customer to find out what he/she needs to know. There is information available in web sites, and the consumer can also directly contact the authority and ask for the information he/she needs, but this is likely to require substantial effort from the customer.

It is interesting to see how many authorities rely mainly on the Internet; this does not put all the customers in an equal position. In France, proceedings are published in the Official Journal (and on Regulator's website – where there is also a presentation of the dispute settlement process). In Portugal the regulator has provided a phone line to inform consumers about their rights and duties in the gas and electricity sectors; and in Romania (gas) the regulator representatives participate at different meetings with consumer associations trying to inform about the regulator's activity, but in general internet appears to be the main channel of information communication regarding access to dispute settlement.

In Italy, according to the gas supply commercial code of conduct, free market supply contracts must indicate how to submit complaints to the supplier and how to activate extra-judicial disputes solution procedures accepted by the supplier. In Ireland the Public Electricity Supplier ESB provides an arbitration telephone service of which the domestic customers' bills inform the customers. The CER is working on a customer web-site that is aimed at better informing domestic and small business customers of what they can do if they have a complaint.

3.3.4. Results of proceedings?

Regarding the outcomes of proceedings:

The Austrian Example

In most of the cases the customers "just" get an answer to their question. The companies do not give "gifts" as compensation but long term payment plan agreements.

The Finnish Example

In most disputes, which have been handled by the Consumer Complaint Board, the decision has been acquittal to the electricity company. Some cases ended up with the confirmation of a settlement or with the consumer's waiver of the claim.

The French Example

Reason has been given to plaintiff in 20 cases out of 39.

The Latvian Example

Approximately half of all decisions have been appealed to the court.

The Norwegian Example

The regulator has no statistics available, but the numbers from the electricity complaint committee (using year 2004 as an example) show that the secretariat received 161 cases, of which 74 were treated in the committee. The complainant received full support in 16 cases, partial support in 11 cases and no support in 47 cases.

The Polish Example

In addition to issuing merit decisions setting the terms and conditions of services by the President of ERO, the Electricity and Fuels Consumers' Ombudsman intervened in some cases, while more than 50% of the complaints handled by the Regional Offices were settled for the benefit of the customers (in some the energy enterprises were demanded to remove abnormalities within the defined period of time).

Portuguese Example

In 2003 ERSE completed 273 dispute settlement proceedings for electricity and 59 for gas. In the electricity sector, in 44 % of the proceedings the electricity company has changed its' first decision and in 38 % of the proceedings the electricity company referred the intention to improve services provided to customers regarding the issues referred in the complaints. In gas sector, in 29 % of the proceedings the gas company has changed its' first decision and in 10 % on the proceedings the gas company referred the intention to improve services provided to customers regarding the issues referred in the complaints.

The Romanian (electricity) Example

22 decisions were issued in 2004 (by the President of ANRE). 8 of them were contested to the court, and the court found in favour of ANRE.

The Slovenian Example

In the majority of cases in which the Energy Agency acts in the second instance, it overruled the decision of the first instance.

The Swedish Example

Customers' winning percentage is approximately 50 %.

Regarding the percentage of customers who are on average happy with the result of such proceedings, suitable data is only available for a few countries: In Austria more than 90 % the customers are satisfied with the solution. In Estonia this number is 80 %.

3.3.5. Cooperation with suppliers/grid operators?

Concerning dispute settlement, cooperation with suppliers and grid operators normally works satisfactorily. Usually the suppliers' or grid operators' role is quite moderate. They give information and their point of view to the dispute settlement boards and generally the dispute settlement will only commence once the customer has complained to his/her supplier. This is the nature of the cooperation in Estonia, Lithuania, Latvia, Norway and Romania (electricity). In Spain, however no suppliers or distribution companies have agreed to enter into arbitration mechanisms.

Cooperation with suppliers / grid operators in France is different. Complaints to the regulator related to supply and commercial issues are forwarded (with the agreement of the customer) to the relevant supplier. In Poland co-operation with suppliers refers to the fixing of conditions of

rendering transmission and distribution services as well as the clarification and provision of information on consumer's rights, as well as the clarification and provision of information on rules and procedures when executing the rights of consumers.

In Austria, in most cases, the cooperation is considered to be effective, although suppliers have tended not to inform their customers properly or in a way they could understand. In most cases of disputes, there is a problem in communication and E-Control helps the parties to communicate in a clear way. In Greece too, although the cooperation between RAE and suppliers is in general satisfactory, there is a lot to be done for Consumer Protection in terms of issuing new Codes, establishing market rules and procedures, and informing consumers on their rights.

In Ireland the Commission has received full co-operation from all parties involved in complaints raised. Portugal is also active in cooperation with suppliers and grid operators, the ERSE in fact promotes periodic meetings with suppliers/grid operators in order to analyze and improve different aspects related to the treatment of customers' complaints. Suppliers have 20 working days to give an answer to regulator, once the mediation or conciliation proceedings have started.

4. Supplier of Last Resort

According to ERGEG's Guidebook of definitions, a supplier of last resort is "a supplier who is deemed by member states to supply energy to all customers who request such a contract with defined (regulated) standards of service".

It is interesting and important to note that the term "supplier of last resort" seems to be interpreted in different ways in different countries. Although many countries have the same situation whereby a local incumbent supplier (which very often is also a distribution company) is obliged to supply the customer in its network area, some countries consider that in such a situation a supplier is a "supplier of last resort" whilst other countries do not.

It is also important to note that many countries (respondents) refer to distribution companies in this context, even though the issue concerns supply and thus presumably the supplier. It is not certain therefore, whether respondents are referring to distribution businesses' task to supply (which was the case in some countries where unbundling is less apparent) or whether they are referring to the incumbent supplier, who also owns the distribution network on the area.

In this section the terms used by the writers are therefore the terms used by the respondents. The reader must consequently take some care when interpreting the findings.

In most countries surveyed, however, the local distribution company or the incumbent supplier is the one who has an obligation to take care of supply for all the customers in the network area. If the customer does not choose a new supplier, he will be supplied by the local company (or the local company's obligation is at least to appoint a new supplier to him), and in case he chooses a new supplier but bankruptcy or similar happens to the new supplier, again it is the customer's local distributor who has to take him back. Supplying to remote customers or vulnerable customers has not been regulated in all the countries, but in case it has, it is normally also in that case the local distributor who has an obligation to take care of these customers. Often contractual issues are also regulated: the price needs to be moderate (not necessarily the lowest in the market but acceptable) and prices and other terms must be publicly available.

The answers from those countries which responded to the questions concerning supplier of last resort, are reported below⁹, regardless of their apparent definition of "supplier of last resort" and whether they state that they have it.

⁹ Various explanations were given as to why some countries did not answer the questions: for instance Austria does not have a supplier of last resort yet. In Estonia and Luxembourg the supply of electricity is guaranteed by the local distributor and in Romania (gas and electricity) by the default supplier. In Luxembourg the situation will change when transposing 2003/54. In Greece (electricity) PPC SA is the exclusive supplier of all non eligible customers and the last resort supplier of all eligible customers. In Latvia (electricity), supplier of last resort will be appointed after approval of Electricity Market Law and there is no such system for gas. In Slovenia (gas) supplier of last resort is not regulated for as in the electricity market. Only supply to household customers is regulated and there are no provisions on supply of last resort for eligible customers in the Energy act. In Slovakia, supplier of last resort exists only for the supply of electricity.

4.1. Supplier of Last Resort: which role in a liberalized market? (Q 3.1)¹⁰

4.1.1. Alternative models for Supplier of Last Resort tasks definition

In very many countries it is the local company (DSO or former incumbent supplier, which very often are the same company) which has an obligation to supply all the customers in its network area.

The terms of this service are typically regulated: Price needs to be acceptable, whilst not necessarily the lowest in the market; information related to the price and other terms must be publicly available. This model is known to be in use (in addition to those that were introduced in the beginning of this chapter) in Hungary, Spain, Italy (electricity), Finland, France, Portugal, Slovenia, Norway, Turkey, Sweden and Lithuania. Responsibility is on the incumbent supplier in Finland, Lithuania, Poland, Portugal, Slovenia and Hungary, and on the local DSO in the other respondent countries. Normally this service is available to small and medium size customers.

In Poland, the concept of suppliers designated by the President of ERO rendering universal service to household customers was introduced into the Polish legal order in an amended Energy Law that has been in force since the beginning of May 2005, (solutions are still being worked out). In Ireland the best approach for a supplier of last resort is being considered – in the past Electricity PES undertook this role when it was required. In Romania the concept of supplier of last resort was introduced into the revised Romanian Electricity Law (2005). The Regulatory Authority published on its website on July 1 2005 a proposal for supplier of last resort which will be finalized after consultations with suppliers and customer associations in order to enter into force in January 1, 2006. Romania has chosen a model for the Supplier of Last Resort very similar to the UK, Finland and Netherlands.

In Italy (gas) a supplier of last resort has been appointed for each of 17 different areas of the country, with the task of ensuring gas supply to small and medium size customers (i.e. customers with less than 200.000 m³ annual consumption) that a) remain without a supplier due to a reason not depending of their own will, or b) are located in areas where a competitive market has not yet properly developed.

4.1.2. Supply to vulnerable customers

According to the ERGEG Guidebook of Definitions, the term “vulnerable customers” refers to “a customer defined by national laws as a person to be protected in his relations with energy suppliers (example: disabled, chronically sick, pensioners, living on low-incomes and living in rural areas (Energywatch))”.

In some countries the supplier’s right to interrupt electricity is restricted by law:

The Finnish Example

Normally, the supply of electricity may be cut at the earliest five weeks after the payment has fallen due or after the user of electricity has been informed of some other breach of

¹⁰ NB: Portugal’s answers to the questions about supplier of last resort concern only the electrical sector

contract for the first time, and the breach of contract has not been rectified in time before earlier announced moment of cutting the supply of electricity. If the default on payment, however, is caused by the user's financial difficulties that he has run into because of serious illness, unemployment or some other special cause, principally through no fault of his own, the supply of electricity may be cut at the earliest two months after the due date of the payment.

The Italian Example

In Italy, interruption of supply is never admitted if electricity is used to supply health treatment appliances at the customers' premises (such as artificial respiration or dialysis appliances).

The Romanian Example

The Romanian regulatory framework contains provision related to the special protection of vulnerable customers, but the obligation concerns the incumbent supplier who charges them cheaper tariffs (so called social tariffs) which represent a cross-subsidization within the domestic customer class.

The Slovenian Example

The system operator is not allowed to discontinue (limit) the energy supply under the quantity which is, regarding the circumstances (season, living conditions, place of living, state of property etc.) necessarily required for not endangering life and health of the customer and people who live with him. In this case, a written order about the inability to pay electricity is required from social services.

Not all the respondent countries, however, have special provisions concerning the supply to vulnerable customers. Only France, Portugal and Norway mentioned rules concerning this. In Norway the grid companies also supply to the vulnerable customers, and in France incumbent suppliers have obligations to supply and obligations to provide social tariffs.

The Irish Example

In Ireland CRE is working with suppliers and network operators to produce a code of practice for vulnerable customers and special codes of practice on disconnection. For customers on electricity life support the suppliers are required to ensure that they do not request their disconnection under any circumstances (with the exception of a safety emergency). For other vulnerable customers CER has required suppliers and network operators to exercise discretion when making a decision to disconnect.

In Finland and Sweden it is not the responsibility of any company to supply vulnerable customers by cheaper tariffs or for free, because state social assistance is in itself a form of economic last resort when an individual's or a family's income is not enough to manage on a daily basis. In this case the electricity bill is paid from the social assistance funds.

4.1.3. Supply to remote customers

Based on the seven responses to this question, it can be seen that there are different approaches to the supply to remote customers.

Customer's location has an effect only on connection fees. Within a distribution network the price of network services must not depend on where within the distribution system operator's area of responsibility the customer is located. However, in case the distribution system operator's areas of responsibility are geographically separated, the distribution prices of each area may differ. Essentially, the same kinds of principles apply to natural gas market. The situation is different in Spain, though, where remote customers must pay associated costs. Also in Ireland there is a division between urban and rural tariffs to allow some cost recovery for serving customer who are not part of a dense urban landscape.

In France (electricity) the incumbent suppliers are subject to price equalization. In the gas sector, connection to the grid is not mandatory if it is not economical. In Turkey, after the grid connection is achieved, supply is obligatory, but meter reading period may be longer than a month. In Portugal the regulated supplier has an obligation to supply all customers at regulated tariffs, which have been established by ERSE. In Norway it is the grid company that supplies remote customers. In certain situations the regulator can excuse the grid company from supplying to remote customers. In Italy (electricity) the DSO has an obligation to connect every applicant customer at a regulated connection price (based on power requested and distance from the nearest transformer substation) set for LV and MV customers. Under particular conditions, remote customers may be requested to repay for actual connection costs.

4.1.4. Supply to default customers (eligible customers who don't choose)

In most of the respondent countries eligible customers, who do not use their option of choose their supplier, will automatically continue with the incumbent supplier or the local distributor. This is, for instance, the case in Finland, Italy, Ireland (electricity), Portugal, Spain, Poland, Turkey and for the electricity sector in Lithuania and Slovenia. In France an eligible customer must choose a supplier before being supplied, which is also the situation in the Lithuanian and Irish gas sector.

In Norway, when the market was liberalized in 1991, the customers who did not make an active choice remained with the default supplier. The market was fully opened in practice in 1995. However, customers who do not make an active choice for instance when they move in to a new house, are supplied by the grid company. The grid company is obliged to inform customers that they must choose a supplier, and to inform them about the suppliers they can choose from.

4.1.5. Supply to abandoned customers (eligible customers who choose, but bankruptcy or similar happens to their supplier)

Abandoned customers are treated similarly to the other special customer groups. In France (electricity), Spain and Hungary it is the role of the incumbent supplier and in Slovenia and Turkey the distribution company to take care of the abandoned customers. Also in Portugal it is the regulated supplier that has the obligation to supply all customers at regulated tariffs (established by ERSE). In Lithuania eligible customers must choose another supplier, if his supplier has failed. In Finland, as in France for gas, there is no provision in the Natural Gas Market Act concerning this issue, but in the electricity sector it is the distribution system operator's responsibility to supply electricity to a customer encompassed by the obligation to supply, until the regulator has assigned a new supplier.

The Norwegian Example

The “Grid company shall supply these customers. On 3 occasions suppliers have been suspended from the market because they were unable to meet their obligations. The respective grid companies have then taken over these customers according to their duty in the Energy Act. In practice we have seen some examples where the grid companies have made bloc transfers of customers to the local supplier. This is not allowed, and is not in accordance with the principles of neutrality”.

4.2. Methods to select and implement a supplier of last resort (Q 3.2)

In Portugal, supplier of last resort is a function of the regulated supplier (DSO).

4.2.1. One or more Supplier of Last resort in each area?

In all the respondent countries, except Sweden, the country has been divided in distribution areas, and the supplier of last resort is the one operating in the distribution area. Consequently, there is only one supplier of last resort in each area in, for instance: Finland, Hungary, Norway, Portugal, Slovenia and Turkey.

4.2.2. Tenders and other instruments for Suppliers of Last Resort appointment

The tendering process to select suppliers of last resort is not used in Norway or Portugal. In Italy the gas suppliers of last resort have been appointed after a public tender managed by the competent Ministry, open to every authorized supply company; and very similarly to that. In Poland the main instrument to appoint the last resort supplier is by tendering procedure held by the regulator. However, in case of the tender failure (no winner), the President of ERO is empowered to issue a decision and appoints the supplier of last resort for a 12-month term. Also, in Slovenia (electricity) the supplier of last resort is appointed by a government ordinance which regulates public services at the distribution level. This special supplier has a public service obligation to supply customers which fulfill the conditions and demand to be supplied this way.

4.2.3. Who appoints the Supplier of Last Resort?

In some respondent countries the supplier of last resort is appointed by a regulator (such as in Finland, where the decision is based on significant market power or the biggest market share, and in Poland and Romania, where the decision is based on a public tender; and also in Ireland it will be the regulator that appoints the supplier of last resort), in some countries (such as Sweden) by the local distributor. In some countries the supplier of last resort is not really appointed by anyone, because the supplier of last resort is automatically (based on law) the local distributor or the incumbent supplier and it does not need to be agreed separately. This is for instance the case in Portugal and Norway. In France the supplier of last resort is appointed through a tendering procedure organized following rules fixed by the Minister of Energy and in Slovenia (electricity) by a government ordinance.

4.2.4. The cost of the service

In Turkey, for example, the costs are the same as for captive consumers. In Norway the costs are not regulated but the regulator will propose new rules soon. In the other respondent countries (Italy, Slovenia – electricity - and Poland) the price is determined, at least to the extent, in a way which ensures that it is acceptable.

4.2.5. Who pays for it?

In some countries, the high costs of serving remote or vulnerable customers are covered by the other customers. This is the case in Hungary and Portugal. In Norway and Italy customers pay for the service directly. In Slovenia all these costs are covered by the use-of-network charges in case of necessary or urgent supply to vulnerable consumers. Otherwise, the supplier of last resort is financed by the supplied customer from the electricity price payment.

4.2.6. Relevant European experiences

No countries answered this question, except Romania (electricity) who mentioned the UK model as a very good example.

5. Terms and Conditions Concerning the Supplier¹¹

5.1. Legal framework (Q 4.1)

5.1.1. What is the legal basis that regulates terms and conditions concerning the supplier?

The following examples provide a country by country overview of the responses to this question¹².

The Finnish Example

There is a special chapter in the Electricity Market Act concerning electricity market contracts (i.e. connection, distribution and supply contracts). Provisions in that chapter are peremptory in relation to consumers. In other relations parties may agree differently, although a few provisions apply to other electricity users as well. As regards natural gas, to some of the provisions in the Electricity Market Act has been referred to in the Natural Gas Market Act (e.g. standard compensation upon delay in connection, fault, compensation and price reduction because of fault). General consumer protection law and general contract law also applies. Finnish Energy Industries and the Association of Natural Gas Industry (the branch organisations of the energy industry) have furthermore drafted standard contracts, including general terms of electricity and gas supply.

The French Example

Energy supply is an activity opened to competition for eligible customers. The legal rules applied to relations between suppliers and eligible customers are included in the "Code de commerce", in the "Code civil" and in the law 2000-108. For instance, according to this law electricity suppliers must (on request) communicate to eligible customers ≤ 36 kVA prices and the precise description of commercial offers related to these prices. The legal rules applied to relations between suppliers and household (non-eligible) customers are included in the "Code de la consommation", in the "Code civil" and in the law 2000-108. For instance, this law sets up a special tariff named « first necessity product » applying to household customers for services linked to supply.

The Greek Example

The Energy Act includes general terms and standards concerning the Supply Code for electricity consumers, which is elaborated by the regulatory authority. The Gas Law and the distribution of gas licences, provide certain terms for "General Terms and Conditions" code, the contract and the services provided by the supplier.

The Irish Example

All suppliers of natural gas and electricity have to apply for a licence through the Commission. There are a number of conditions contained within the licence that

¹¹ Many countries left various questions without an answer and therefore if the country did not give an appropriate answer, it has been excluded from the analysis. Also, in some countries household customers are still non-eligible and so these countries' answers may refer in part or totally to regulated service.

¹² Luxembourg stated that there is no legal framework; activity may be provided freely.

suppliers must fulfil. These include the provision of annual accounts, the development of codes of practice for consumer protection and the signing up to industry codes. In addition, the Commission has the statutory power to determine the nature (terms and conditions) and amount of tariffs.

The Italian Example

Electricity and gas supply contracts are subject to general contract legislation (civil code). Contracts for non-eligible and default customers must include a set of essential supply conditions defined by the regulatory Authority: frequency of meter reading, frequency and conditions for billing and payment, maximum interest rate on arrears, timing and conditions for disconnection due to non-payment, conditions for payment spreading, maximum amount of securities, consumption reconstruction due to meter malfunctioning (electricity service only).

The Norwegian Example

Terms and conditions concerning the supplier are mainly regulated through standard agreements within the industry and self regulation. The regulator does not directly interfere with the suppliers' terms as this is private law. There is, though, a contracts' act that regulates contractual terms in general (not specifically for electricity suppliers). There is also a Marketing Practices Act (Consumer Ombudsman) that regulates business sales methods, general terms and conditions in contracts etc. There are plans for including electricity within the consumer purchase Act, which would imply that some of the standard agreements will be established by law.

The Polish Example

The primary legislation, The Energy Law Act, indicates types of conditions that have to be included in supply contracts.

Portuguese Example

Electricity Sector: Terms and conditions applicable to suppliers that operate in the liberalized market are not explicitly regulated. Notwithstanding, these suppliers have to comply with the general law. The legislation that is applicable to the regulated supplier, consists of 1) Consumer Protection Law; 2) Essential Public Services Law; 3) Commercial Relations Code for the electrical sector: at present, according to this code ERSE approves the terms and conditions of an electricity contract (LV and MV), based on a proposal of the distributor/regulated supplier and after hearing consumers' associations. Gas sector: The Commercial Relations Code for gas sector (foreseen in the law) is expected to be approved by ERSE during 2006.

The Romanian Example

The Gas Law includes the main obligations and rights of suppliers. There are also framework-contracts (specific conditions) and general conditions for supply to non-eligible consumers, framework-conditions for supply licenses and metering regulation for non-eligible consumers, all approved by the ANRGN president. The electricity sector regulatory framework consists of: electricity law, license conditions, Electricity Supply Code, supply framework contracts, and supply quality standards.

The Slovenian (electricity) Example

The Energy Act includes rules regarding the operation of the electricity market and the 'Ordinance' general conditions for the supply and consumption of electricity.

The Slovenian (gas) Example

General acts of the regulator, i.e. methodologies, are in the process of government approval.

5.2. Conditions concerning the supplier - dimensions (Q 4.2)

5.2.1. Publication of supply terms¹³

Obligation and practices of the supplier for publishing the supply “terms & conditions”

In most of the respondent countries suppliers must ensure the public availability of terms of sale, prices, pricing principles and other contractual terms. This is the case at least in Finland (only the suppliers who have obligation to supply), France, Greece, Italy, Latvia, Norway and Romania (electricity). Slovenia (electricity) stated that “terms and conditions are defined in the ‘Ordinance’ regarding general conditions for the supply and consumption of electricity”, which was issued by government”. In Slovakia the commercial terms and conditions related to gas storage, transport and distribution must be published. Suppliers in Portugal must ensure, for customers, up-to-date and transparent information, namely about terms and conditions of the contract, applicable tariffs, quality service standards and the respective compensation, different models of invoicing and dispute settlement.

In Poland supply prices of the enterprises exempted by the President of the ERO from the obligation of tariff submission for approval, are regarded as a business secret and are known only to the parties of a contract. Distributors are obligated to submit (and publish) tariffs - including supply prices - for approval by the President of ERO because of the absence of unbundling. Also in Italy and Romania the publication is mandatory only for regulated tariffs.

Time of publication on “terms and conditions” for new customers

The new customers should normally have the terms and conditions given to them at the latest by the time they sign the contract. This is the case in Norway, Austria, Hungary, Ireland, Finland, Italy, Greece, Romania (there it is the moment “when the supplier is asked to do it by a customer”) and Sweden.

Slovakia’s system differs from the others: commercial terms and conditions for the next year related to gas storage, transport and distribution must be published by October 31 of the given calendar year. In Lithuania, a “supplier should deliver terms and conditions for new customers within 14 calendar days directly to the consumer” and within 30 days in Romania (electricity).

In Poland the information must be published to old and new customers within 14 days of the approval, and in the case of tariffs for heat within 7 days of approval.

¹³ Turkey, Luxembourg and Slovenia (gas) did not answer the questions concerning this issue because they don’t have provisions about this issue.

Time of publication for modifications on “terms and conditions”

There is a great variation in the time of publication for modifications on terms and conditions. Most commonly the time frame is between 14 and 30 days.

In Norway, changes of the electricity price must be announced at least 14 days and in Sweden 15 days in advance and in Portugal 10 days in advance. In Sweden, other changes in the contract than electricity price changes must be announced at least 3 months in advance. In Finland, Estonia and Hungary the change may come in to effect at the earliest one month after the notification of the change has been given; in Italy (free market contracts for gas) and Austria as long as 60 days is required.

In some countries the time is counted from the moment the new term has been accepted by the regulator, minister etc. In Greece this time is 10 days and in Poland 14 days. Slovakia's system, introduced in the previous chapter, applies to new and existing customers. Commercial terms and conditions for the next year related to gas storage, transport and distribution shall always be published by October 31 of the given calendar year.

In Romania, in the gas and electricity sectors, the suppliers have the obligation to publish modifications on general conditions for supply, as soon as possible after they become official by publication in the Official Journal. In France the time depends on contractual clauses.

Means used to publish

The means by which supply terms are published is, in many of the respondent countries, either regulated or follows a typical approach.

Internet is a very common channel to communicate information to the general public in all the countries, as are newspapers. Quite commonly changes must also be informed to customers directly. These three methods were mentioned by Austria, Estonia, France, Latvia, Norway, Romania (gas), Sweden and Slovakia. Furthermore, leaflets, suppliers' call centers or customer centers (in addition to the aforementioned methods) are also common channels (e.g. in Greece, Hungary, Poland, Portugal and Romania –electricity-). Additionally, in Finland for instance, suppliers must notify the regulator concerning the prices that apply to customers within a supplier's obligation to supply. Similarly, in Norway price increases from suppliers must be published directly to the customer or through another suitable manner (newspapers are often used), but if the price increase is substantial, this must always be directly communicated to customers (direct mail, e mail, SMS etc). In Ireland customers are informed directly.

Content of publication ¹⁴

In Estonia, Romania (electricity) and Sweden all information is available (e.g. on suppliers' websites). In Austria conditions and amendments are published and in Greece: tariffs, methods for pricing, structure of invoices and all other terms that PPC applies to consumer contracts. In Romania (gas) the general conditions for supply to non-eligible customers are published. Poland publishes: rules of settlements for energy supplies and rendered distribution services,

¹⁴ France did not answer this question but referred to their answers on the Transparency questionnaire.

rates for distribution services charges, energy prices and rates for fixed service charges, rates for connection to grid charges, allowances for customer service quality standards breach.

Legal framework

Few specific details exist regarding the nature of regulatory frameworks within the context of the publication of supply terms, but it is generally stated that suppliers must (on request) communicate prices to customers (France) and terms and conditions must be communicated in a clear manner (Norway and Portugal).

5.2.2. Supplier's right to choose or obligation to provide supply to every consumer?¹⁵

Obligation to supply across all non-eligible consumers or right to choose among eligible consumers? Restrictions / obligations / exemptions?

In most of the respondent countries suppliers are free to choose their customers among eligible customers but they do have an obligation to supply all the non-eligible customers in their own distribution area (if they have one). This is the situation at least in Lithuania, Italy, France, Hungary, Latvia, Slovakia, Slovenia (gas and electricity), Romania (electricity and gas) and Turkey.

In some countries (e.g. Lithuania and Romania –electricity-) eligible customers who do not choose another supplier have a right to purchase electricity from the public supplier. In Portugal, gas supply is guaranteed by distributors and electricity supply by regulated suppliers. In Greece PPC has an obligation to supply across all non-eligible consumers. In Ireland the Public Electricity Supplier and the Public Gas Supplier have the duty to supply all customers, but other suppliers may choose not to supply a customer.

In Sweden the DSO is responsible for assigning a supplier for customers who do not have a supplier and in Estonia the DSO is responsible for selling electricity in such circumstances.

In Austria and Norway, the supplier is free to choose, there is no obligation to supply (in Norway the freedom only relates to whether the supplier wants to enter a contract with a customer or not; once it has entered a contract then it is obliged to supply the customer). In Spain the situation is similar; there the obligations only apply in the regulated market for distributors.

Independent suppliers (without incumbent customers) normally have a right to choose their customers.

Legal framework

Few respondent countries provided specific details about their legal framework concerning obligations to supply. In Greece the Energy Act provides the above obligation, and in Romania (gas), through framework-conditions for validity of natural gas supply license, suppliers have the obligation to supply to all non-eligible customers from their own distribution area or the right to

¹⁵ Finland did not answer to this question but referred to the answers related to the section of supplier of last resort, and Luxembourg did not answer due to not having provisions yet.

supply any eligible customer. In Ireland, the Statutory Instrument 60 of 2005 for Electricity places the obligation on the Public Electricity Supplier to “meet all reasonable requests to supply electricity” and in Natural Gas the “Duty to offer supply” is given in condition 19 of the Natural Gas Supply License. This duty is expected to also be put into the forthcoming Natural Gas Bill due for publication in 2005.

5.2.3. Application process for supply¹⁶

Description of the process for application¹⁷

In many countries (e.g. Austria and Romania –gas-) there are no specific requirements concerning the application process. Typically, however (for instance in Finland, Hungary, Sweden, Romania –electricity-, Portugal, Slovenia –electricity- and Italy) the process is similar to the following: a customer asks for an offer, the supplier then gives the customer all the information he needs for the decision and customer gives all necessary details about himself to the supplier. If both parties are willing to agree a contract, the supply contract is drawn up and signed. The contract does not have to be in written format in all the countries, but normally it is. If the contract is not in writing, then the customer must at least be provided with all relevant contractual terms and conditions in writing.

In Greece the consumer has to fill and sign the application form at the PPC’s Customer Center of his/her residential area. General terms & conditions are not submitted unless the consumer requests. In Estonia the standard terms and conditions are approved by the EMI. The customer has to fill in and sign the application form. In Latvia the supplier has to provide terms of connection and approximate estimation of charges 30 days after application.

In some countries it is the customer’s responsibility to terminate his existing contract (if he has any, with some other supplier), in some countries the new supplier will sort things out with the previous supplier in case of switching supplier.

Obligation for supplier to make an offer to an eligible customer

There is no obligation for a supplier to make an offer to an interested eligible customer in Austria, Lithuania, Spain, Turkey, Slovenia (electricity), Sweden, Italy and France. There is an obligation in Portugal (suppliers operating in the liberalized market), Latvia and in Romania - electricity-. In Ireland only the public electricity and gas suppliers have this obligation.

Prerequisites for a valid application

In addition to providing suppliers with essential customer details such as name and address, amount and location of energy usage etc, in some countries (e.g. Greece and Italy) customers may be requested to provide deposits or electricity suppliers may require / conduct a credit check on customers’ economic situation. There are no apparent prerequisites (it depends on a bilateral agreement) in Austria, France, Turkey and Romania (gas).

¹⁶ Slovakia, Slovenia (gas) and Luxembourg did not answer to this question about application process for supply due to not having any provisions about this issue.

¹⁷ However, most of the countries did not comment on this issue, so it is difficult to know what is the most common system used.

A connection approval and or access contract (e.g. Slovenia –electricity- and Latvia) or also the payment of supply contract fees (e.g. Romania -electricity-) may also be required.

Legal framework

No specific details are currently known concerning the legal frameworks concerning obligations to supply.

5.2.4. Supply contract¹⁸

Obligation on format (written format, other?)

A written contract is mandatory for instance in Austria, Estonia, Latvia, Lithuania, Romania and Norway, and in practice is usually the case in France and Italy¹⁹. In Norway the contract may, though, be completed via electronic communication.

Slovenia (electricity and gas) and Turkey have not defined the format and in Sweden the contract can be either written or oral. In Finland the supply contract only needs to be in writing if a contracting party so requires. Even if the contract is not in writing, however, terms and other contractual issues must be provided to the customer in writing. The situation is similar in Portugal.

Obligation to include the standard terms of the Supply Code, obligation to refer to general terms, obligation to refer to standing tariffs and other charges

In Austria, Romania (gas and electricity), Lithuania, Estonia, Latvia, Norway and Romania (electricity) there is an obligation to include standard terms of the supply code, an obligation to refer to general terms, and an obligation to refer to standing tariffs and other charges. There are no such obligations in Slovenia (both for electricity and gas), France and Turkey.

The Hungarian Example

In Hungary there are two types of contracts that are for residential and non-residential consumers. The Business Conduct Rules, which is approved by the regulator, describes the contents of the contracts. The customer has only one contract, which includes both supply and network operator services. It is standardized by the regulator.

The Italian Example

Italy introduced the obligations in much more detail. Under the gas supply code of conduct, the contract must include a set of essential clauses regulating the basic supply conditions (the service provided, price conditions, guarantees and charges to be paid by customer, meter reading and billing frequency, penalties for delays in payment or non payment, service quality standards, available procedures for claims submission and

¹⁸ Slovakia and Luxemburg did not answer to this question, because there are no provisions about this issue.

¹⁹ Under the gas supply code of conduct, the customer must receive a written copy of the contract at the moment of subscription (or within a 10 days deadline in the event of distance selling methods). Similar provisions are going to be defined and issued for electricity supply to eligible customers.

disputes solution). Similar provisions are going to be defined and issued for electricity supply to eligible customers.

The Swedish Example

In Sweden the branch organization Swedenergy recommends all members to send the standard conditions to all customers. The customer can also find the standard conditions on the suppliers' homepages or at the National Board for Consumer Complaints.

What is the process in the case of an intermediary? How is it ensured that consumer is informed on supply terms?

When an intermediary is involved in the subscription of a supply contract, the same rights and guarantees are offered to customers as in the case of contract directly subscribed with the supplier. This was the case in all the countries that answered to this question; Italy, Latvia, Norway, Romania (electricity), Slovenia (for both electricity and gas) and Turkey.

Legal framework

No countries provided specific details about their legal framework concerning the supply contract. In some countries, though, this issue depends on the agreement of the relevant parties.

5.2.5. Consumer's right to switch supplier²⁰

Are there any restrictive supply terms that prevent (even indirectly) the customer from his right to switch?²¹

One restrictive factor in some countries is the permitted frequency of supplier-switching.

The Austrian Example

Re-switching is restricted by year-long post-switch agreements.

The Portuguese Example

In Portugal the right to switch supplier is limited to four times per twelve months

Also, if the customer wants to leave the supplier before the fixed-term contractual period is over, payment of a penalty fee (e.g. Norway and Sweden) by the customer is normally required. However, it should be noted that even for variable/flexible contracts cancellation periods may apply (e.g. Lithuania and Denmark with 30 day cancellation periods; Italy and Slovenia - electricity-).

Debts may also prevent customer's switching to another supplier. For instance, switching may be allowed only when debts to a previous supplier have been cleared (e.g. Spain, Romania

²⁰ Of those countries that answered this question, it is not possible for the LV consumer to switch supplier in Greece, Slovakia or Hungary. Furthermore, In Luxembourg, Estonia and Latvia, however, there are none known restrictive terms.

²¹ The reader is advised to refer also to the ERGEG customer switching report which covers this issue in more detail.

(electricity) and Turkey). In Portugal customers of the regulated supplier cannot leave the supplier if they have outstanding debts.

5.3. Terms concerning the supplier-dimensions (Q 4.3)

5.3.1. Supply contract terms²²

Obligation and description of standard terms (minimum terms, imposed by the Supply Code)

Standard terms, set by authorities, are a feature in many countries including Estonia, Latvia, Romania (electricity), Greece (gas) and the following examples.

The Italian Example

Minimal standard terms regulating basic supply conditions have been introduced by the regulatory authority for captive customers in both electricity and gas supply contracts. After a customer becomes eligible, the regulated contract is to be applied until the customer enters a different contract.

The Lithuanian Example

The Ministry of Economy sets standard contractual terms (some obligatory).

The Norwegian Example

There are standard terms/agreements but these are not compulsory. Still most suppliers use them. Some suppliers add extra terms in addition to these or change the terms slightly.

The Portuguese Example

For regulated suppliers ERSE approves the terms and conditions of electricity supply contracts (for LV and MV customers) based on a proposal of the distributor/regulated supplier and after hearing comments from consumers associations. In the liberalized market terms and conditions of contracts are negotiated between customer and supplier.

The Swedish Example

The Swedish Consumer Agency and the Swedish branch organization Swedenergy have agreed on standard (minimum) conditions.

There are as yet no standards terms for supply contracts in France, Greece (electricity), Norway and Slovenia (gas).

Concerning the content of contracts:

The Austrian Example

Contents include: the duration of the contract, parties of the contract, price of the energy, the delivered product (electricity or gas).

²² Latvia, Turkey and Spain did not answer this set of questions because they do not have any provisions yet

The Finnish Example

At least the following data must be entered in its agreed form in the contract or confirmation notification (applies also to connection and distribution contracts): (1) name and contact information of the service provider; (2) the performance or service offered and its quality, as well as the period of delivery of the connection in the case of a connection contract; (3) possible upkeep services related to contract-based performance or service; (4) methods by which the connecting party or user of electricity receives information on the charges applied to the contract or the related upkeep services; (5) period of validity of the contract and the conditions to be applied to renewal and termination of the contract; (6) compensations of damage and other compensations to be applied if the quality of the performance or service does not correspond to the standard agreed upon; (7) information on the available procedures of settling disputes and their institution.

The Greek Example

Contents include: obligations and rights of supplier and customer (respectively); invoicing (frequency, structure, pricing principles); procedures relating to meter reading, bill and charge disagreements, and relating to duration/renewal of contracts and the payment of bills.

The Portuguese Example

The contract must include relevant information, namely: obligations and rights of supplier and customer, duration and conditions for renewal of the contract, metering readings, invoicing and resolution of conflicts.

Presence and description of “general terms and conditions” (additional, enhanced terms concerning the supplier). Obligation for a reference within the contract and means to inform consumer prior to initial supply connection

To a varying extent, general terms and conditions exist for instance in Estonia, Latvia, Slovakia and Portugal, but are often only binding between parties if there is a reference to them and the customer has been made aware of them (e.g. Denmark, France and Finland).

“Special terms” agreed between customer and supplier. (Right to include additional terms agreed between consumer and supplier)

It is possible to include additional “special terms” to the supply contract in most of the respondent countries. In some countries, though, special terms must be non-discriminatory (e.g. Estonia, France, Latvia, Norway, Romania, Slovenia –electricity-, Sweden and Lithuania). In Finland special terms are possible in the contracts other than those agreed within the supplier’s obligation to supply.

In Danish gas sector, special terms are usually not used since the general standard terms are used for all customers.

Is there a unique standard contract for all the customers, or differs among customer groups? (If yes, what are the differences?)

This question is assumed to include a mistake; “unique standard contract” is an impossible term and it is found by the writers that probably “uniform standard contract” was supposed to be asked in the question. However, many of the countries have used the term “unique standard

contract” in their answers, and because of the confusion answers are only partially reported here:

Contracts are normally made separately to different customer groups based mainly on the consumption; at least household customers and industrial customers have different contracts, but in many countries also industrial customers have been divided to small and large industrial customer. Contracts are more standardized for the household customers (because they are seen to need more protection); industrial customers can more freely agree on their supply terms and conditions.

Duration of contract – description

Typically, supply contracts are indefinite (e.g. Lithuania, Romania (electricity) and Hungary), at least by default for household customers unless otherwise agreed between the contractual parties (e.g. Norway). Fixed contracts are, however, common amongst non-household customers, and the duration is normally one to three years (e.g. Denmark, Romania –gas-, Norway).

The Swedish Example

Customers have the possibility to choose between three different types of contracts: Agreement with a conditional tenure, flexible price or an agreement with a fixed price for a specific period of time.

In some countries the contract has different kind on indefinite nature: The contract is basically for a fixed period of time but it is being renewed automatically (e.g. Italy and Greece)

The Austrian Example

Many suppliers have a one year minimum duration, and after one year the consumer must have the right to dismiss the contract once a half year (minimum).

The Portuguese Example

The duration of the contract for household customers is one month in the electricity sector and between one month and one year in gas sector; being successively renovated for similar periods of time. For the non-household customers the duration of the contract is one year in the electricity sector and established by agreement in the gas sector.

The Slovenian Example

In Slovenia (gas) the contract normally has to be renewed at least yearly, but it can be done more rarely if the parties agree so.

The duration of the contract has not been regulated in France, Latvia, Romania (electricity and also in gas sector for the household customers) and Slovenia (electricity).

Conditions for contract renewal – description

Contract renewal in most of the respondent countries depends upon agreement between the contractual parties. There is no regulation concerning the renewal for instance in Austria, Denmark, France, Latvia, Romania (electricity and gas) and Slovenia (electricity). In some countries, however (e.g. Greece and Portugal – household customers-), renewal occurs automatically.

The Norwegian Example

Supplier must inform the customer well before the contract expires (i.e. fixed price contracts). If the contract has a time limit and the customer has not explicitly given acceptance for renewal by the end of the contract time, (1 month following notice), the customer shall be transferred to the standard variable contract (the most common contract type in Norway).

Conditions for contract termination – description²³

In most of the respondent countries the supplier's right to terminate the supply contract is very limited and must be justifiable (e.g. Norway and Romania). Specifically, customer debt and electricity theft are the two of the most commonly accepted reasons for termination of contract (e.g. Greece, Romania and Norway).

By each of the parties, the contract with no particular expiry date may be terminated with 3 weeks written notice in Norway and 30 days in Denmark and Romania (electricity).

The Finnish Example

According to the Electricity Market Act, a supplier may not terminate an electricity supply contract when the user of electricity encompassed by the obligation to supply is a consumer. A supplier may terminate some other electricity supply contract encompassed by the obligation to supply only if a legislative amendment or an essential change in the circumstances makes it unreasonable for it to keep the contract in force. However, the supplier has the right to terminate the electricity supply contract if:

- 1) The user of electricity has materially breached the obligations based on a contract for electricity supply and the breach of contract has not been rectified within a reasonable period specified in writing by the supplier, or
- 2) The supply of electricity to the place of electricity use has been interrupted on the grounds of a material non-payment or some other material non-fulfilment of contract and the power cut has continued for at least one month. The electricity supply contract may be terminated on the basis of a consumer's delay in payment only in the case mentioned in point (2).

Additionally, the electricity supply contract may be terminated immediately, if the user of electricity is guilty of stealing electricity, of wilfully damaging the equipment under the supplier's or the distribution system operator's responsibility, or of breaking the seals placed by the supplier.

Right of withdrawal - description

This is an issue of some significant variation. The customer's right to withdrawal has not been defined in some countries (e.g. Austria, Latvia, France and Slovenia –electricity-) where it depends upon the agreement between the parties. In some countries (e.g. Italy, Hungary and

²³ The conditions for contract termination have not been defined in Austria, France, Latvia and Slovenia (electricity).

Portugal –gas-: 15-30 days), however, the withdrawal is allowed following a written notice by the household customer approximately one month prior to the withdrawal. In some countries (e.g. Portugal –electricity- and Greece –gas-), household customers even have right of withdrawal at any time. In Romania (gas) all customers have right to withdrawal, but if they do so, they still have the obligation to pay their debts. In Sweden, however, neither the customer nor the supplier can withdraw from a present standard contract and cannot break a fixed term contract without penalties (but minor corrections can be made three months before its entry).

Interestingly, withdrawal notice periods for non-household customers are typically longer than for the household customers.

One particularly complex example is provided by Greece:

The Greek (electricity) Example:

In principle the customer can withdraw from the contract no later than 30 days and not earlier than 10 days from each cycling period (the cycling period is renewed every 12 months from the contract date for another year). In addition, if the customer withdraws earlier than 5 years, he should pay remaining fixed fees. However, these terms have not been applied in practice since Greek legislation protects the consumer from the terms of adhesion contracts.

5.3.2. Standards of supply (services offered)²⁴

Legal framework

No additional information was added by the respondent countries in this respect. In some countries, though, this issue is not regulated and depends on the agreement of both parties.

Obligation for Minimum standards on supply services

1. *Maximum time limit for application approval and supply initial connection*

The maximum time limit for application approval and supply of initial connection is 21 days in Greece, 30 days in Estonia and Romania (electricity) and two months in Slovenia (gas).

2. *Process and maximum time limit for reviewing customer objections on charges*

The Swedish Example

Large electricity suppliers and distribution companies have customer ombudsmen who work with correcting eventual mistakes made by the branch. Customers often have to wait several weeks for the result. If the customer is not satisfied with the result he can turn to the National Board of Consumer Complaints.

²⁴ This question overlaps extensively with the earlier question concerning commercial quality of supply (introduced in chapter 2), though was considered necessary. Due to this and the absence of relevant data, the reporting of this issue is brief and concise.

Reviewing customers' objections to charges is quicker in Estonia, where it must happen in five days, and in Romania (both for electricity and gas) where it must happen within ten days (conducted by the supplier itself).

3. Process and criteria for customer complaints handling and minimum time limit for responding to customer

The common time limit to handle customer complaints is 30 days. This is the case in Romania (for electricity and gas), Estonia and Greece (for the gas sector). In Slovenia (electricity) the maximum response time is only eight days, in Hungary 15 days for public suppliers and 60 days for others, and in Sweden the process (see above) can take several weeks.

4. Quality Standards of supply services (general and/or guaranteed standards)

The Hungarian Example

The public supplier has to pay penalty if it doesn't meet the following requirements: Responding to interruption at one premise, responding to interruption of more premises, response to prospective customer's connection inquiry, connection of new customer or power enlargement, appointments scheduling, response to customers letters, notice of supply interruption, voltage complaints, correction of voltage faults, refund of overestimated bills, meter problems, reconnection following lack of payment or supplier induced outages.

The Romanian Example

In Romania (for electricity and gas) only general standards as yet exist.

5. Availability and description of maintenance services offered

Only France and Slovenia are known to ensure the availability and description of maintenance services offered (by DSO's).

6. Minimum amount of compensation and description of the process for defining final amount of compensation, when services standards are not met

The Hungarian Example

Failure to meet Hungary's guaranteed standards (introduced above) may, for instance, result in the following compensations²⁵:

Appointment, scheduling and supplier induced outages: 16 euros (automatic) or up to 40 euros (on customer's request)

Other standards: 8 euros (automatic) and up to 20 euros (on customer's request).

The Portuguese (electricity) Example

There are overall and individual standards. When the distributor fails to fulfill an individual standard, compensation is due to the customer. This compensation, dependent on the voltage level, ranges from 15 - 25 euros for LV customers.

²⁵ The amount of the penalty has been determined by HEO.

The Swedish Example

In Sweden the supplier and customer must initially jointly try to agree on a reasonable compensation level, but if the customer is not satisfied he can turn to the National Board of Consumer Complaints.

7. Refund arrangement process, when contractual services standards are not met

The Irish Example

Suppliers may credit a customer's account or refund the customer directly depending on the situation which has required a refund to be made.

The Norwegian Example

In a given case, The Committee for Electricity Complaints can suggest (in an advisory capacity) the refund which should be paid by a given supplier. The regulator cannot do this since it concerns private law.

The Romanian (electricity) Example

A 12.5 % refund is due to industrial customers with electronic meters, when a given supplier fails to meet voltage quality (amplitude and frequency) standards.

8. Wide offer of different payment methods

For a comprehensive coverage of this issue, please refer to the ERGEG reports on Customer Switching and Transparency.

9. Universal service

In the ERGEG Guidebook of Definitions, universal service is defined as the "right to be supplied with electricity of a specified quality within their territory at reasonable, easily and clearly comparable and transparent prices".

Little information was provided by respondents on this issue, but it is known that in France, for instance, universal service is an obligation only for electricity, and in Slovenia (gas) it is only an obligation for tariff customers.

In Romania electricity represents a universal service (the percentage of remote non electrified villages is less than 1 %), however the affordability index for electricity shows that electricity is less affordable than in EU countries.

5.3.3. Communication and sales²⁶

Protection of consumer from misleading selling methods (description of relevant terms)

Many respondent countries have laws aimed at protecting consumers from misleading selling methods. For instance Austria has the Competition Protection Act, Denmark has the Marketing Practices Act, Ireland has the Code of Practice on Marketing, Sweden has the Swedish

²⁶ Latvia and Luxembourg did not answer these questions concerning communication and sales due to not having any provisions yet.

Marketing Law and the Price Information Law, Finland has the Consumer Protection Act & Decree on Price Marking, Norway has the Marketing Practices Act, France has relevant Common Law. In addition to this there are other devices such as regulatory codes, consumer ombudsmen (e.g. Norway and Finland) and supplier charters (e.g. under adoption in France) which can protect the customer from misleading selling methods.

The Irish Example

In Ireland there is the Code of Practice on Marketing, which covers different kind of rules about marketing. The Code includes general conditions concerning good marketing practices and special rules about marketing by telephone, marketing at a customer's premises, marketing via e-mail and SMS, conducting when customers do not wish to be contacted, marketing by personal contact, marketing via Internet, promotions, price comparisons, conduct in relation to a customer's personal information and use of agents.

The Italian Example

With regard to gas market, the regulatory Authority has a mandatory commercial code of conduct to protect consumers against misleading selling methods, to guarantee transparency of supply contract and information about offered prices. The code of conduct applies to commercial relations among suppliers and customers with less than 200.000 m³ of yearly gas consumption. It establishes rules concerning:

- Fairness of commercial practices (behavior of salespersons)
- Uniform criteria to be applied to communicate price information
- Information that customers must receive before entering a contract
- Essential requisites of contracts
- Information prior to supplier modifications of contract clauses

The Portuguese Example

A governmental law (Decree-Law no. 446/85, from 25 of October, modified by Decree-Law n.º 249/99, from 7 of July), which applies to electricity and gas, approved protection of the consumer from misleading selling methods and rules.

The Romanian (electricity) Example

The Electricity Law (issued in 2003 and revised in 2005) and the Supply Code contains provisions that protect customers against misleading selling methods. The Regulatory Authority has appointed an Arbitration Council handling complaints and disputes within the retail market.

The Slovenian Example

Both for electricity and gas, the consumer is protected from the breach of applicable laws and regulations by different authorities (the competition authority, Market Inspectorate of RS, Energy Inspectorate), which take measures against abusive behaviour, as well as by general rules and obligations on the suppliers to follow good practices and respect contractual obligations.

Terms for the protection of disclosure of consumer personal details/characteristics

In some countries (e.g. Estonia and Romania) there is no law for the protection of disclosure of consumer personal details, but in other countries there is (e.g. Denmark, Austria, Finland, France, Greece, Hungary, Italy, Ireland, Norway, Slovenia and Sweden).

The Finnish Example

Terms for the protection of disclosure of consumer personal details are included in the Personal Data Act and the Data Protection Ombudsman supervises compliance with the Act.

The Irish Example

A supplier should at all times respect a customer's right to privacy and should use a customer's personal information only for purposes authorized by the customer. A supplier is at all times bound by the relevant provisions of current Data Protection Legislation.

The Slovenian Example

The consumer is protected from the disclosure of his personal data by the Personal Data Protection Act.

Obligation to inform customers about matters of their interest (tariffs, services, terms and conditions etc.). Means of access.²⁷

There is such an obligation in for instance Austria, Estonia, France, Hungary and Romania (electricity).

The Portuguese Example

Distributors and regulated suppliers have to inform their customers about several important matters (e.g. supply contract, invoicing and payments, quality of service standards, etc.) and they must publish brochures/leaflets concerning matters of consumers interest (guaranteed standards, compensation payments, disabled customers, etc.).

The Romanian Example

Suppliers have an obligation to inform customers, at their request, not on a regular basis. Suppliers also have the obligation to make public their customers' addresses and phone numbers, so that any customer could contact them.

The Slovakian Example

All the necessary information of the customers' interest is available on website of the respective operator and the regulatory body, including media in case of significant changes.

The Slovenian (electricity) Example

The supplier is obliged to yearly inform customers about the electricity price structure as well as the structure of electricity production sources (in written form or via internet). Electricity suppliers with a public service obligation have to inform tariff customers about the trends and characteristics of their consumption (at least once a year, for different tariff customer groups). Moreover the supplier has to inform tariff customers about the

²⁷ Some respondents referred to the obligations to inform customers about the contractual terms and conditions and the modifications to them, but as they are handled before in chapter 5.3.1, these answers (by Finland and Sweden) are left out from this chapter, as are Slovenia (gas) and Greece who stated that there are no obligations in addition to informing about tariffs and contractual issues.

existing and planned programs to stimulate efficient energy use. For eligible customers this is not explicitly required.

The Swedish Example

The Swedish Consumer Electricity Advice Bureau provides advice and guidance to consumers in various matters concerning the electricity market. The bureau offers pre-purchase information concerning suppliers and their prices and gives information about the process connected with a change of an electricity supplier. The bureau also helps consumers understand terms in their electricity bill, with contracts concerning electricity supply and with common terms used in the electricity suppliers marketing. All information and guidance is free of charge.

Obligation to provide different contact/attendance channels

The Portuguese Example

Suppliers have to provide different contact channels, namely, through writing, phone and customer centres. These channels have to ensure the complete commercial relationship between suppliers and their customers.

Existence of good practice guidelines to prevent misleading and anti-competitive selling methods²⁸

France, Ireland, Norway and Sweden are the only countries known to have good practice guidelines to prevent misleading and anti-competitive selling methods especially in the energy field.

The French Example

In the frame of the working groups ("GTE" and "GTG") which have prepared the opening of electricity and gas markets to all non-residential customers in 2004, suppliers and customers representatives have met to draw up suppliers charters (one for electricity, one for gas). These charters provide for good practice guidelines in view to ensure a good level of customer protection as regards customer information, transparency of contracts, prices and bills, complaints handling etc. Both charters are currently in the course of being signed by suppliers.

The Swedish Example

The Swedish Consumer Agency draws up good practice guidelines for selling methods. These guidelines are based on several consumer protection laws, such as the marketing law and the law concerning price information. The guidelines are also based on ethical rules gathered by ICC (International Chamber of Commerce).

²⁸ Please refer to the above section on Protection of consumer from misleading selling methods (description of relevant terms)

5.3.4. Public service obligations concerning the supplier²⁹

The ERGEG Guidebook of Definitions states the following concerning Public Service Obligations (PSO) defined by member states related to energy supply and distribution:

“Member states may impose on undertakings operating in the gas sector, in the general economic interest, public service obligations which may relate to security, including security of supply, regularity, quality and price of supplies, and environmental protection, including energy efficiency and climate protection” (2003/55/EC art. 3).

“Member states shall take appropriate measures to protect final customers and to ensure high levels of customer protection, and shall in particular ensure that there are adequate safeguards to protect vulnerable customers, including appropriate measures to help them avoid disconnection. In this context, they may take appropriate measures to protect in remote areas those who are connected to the gas system”. - “Objective of social and economic cohesion, environmental protection, which may include means to combat climate change and security of supply” (2003/55/EC art. 3).

The Finnish Example

Concerning environmental issues: suppliers must specify in or with the bills (at least once per year) and in promotional materials made available to final customers the contribution of each energy source to the overall fuel mix of the supplier over the preceding year. Information must have at least following three categories: 1) fossil fuels and peat; 2) renewable energy sources; and 3) nuclear energy. Information may be more detailed. There should also be reference to existing reference sources, where information on the environmental impact, in terms of emissions of CO₂ and the radioactive waste resulting from the electricity produced by the overall fuel mix of the supplier over the preceding year is publicly available.

The Lithuanian Example

The Government has set the list of PSOs. The Ministry of Economy has subsequently adopted the rules for the PSOs for public and independent electricity suppliers (including eligible customers engaged in electricity import). The PSO's require these suppliers to:

- purchase and sell electricity produced using renewable and waste energy sources
- purchase and sell electricity produced in combined electricity and heat generation cycle power plants that provide with heat the centralized heating networks of towns
- purchase and sell electricity produced at the fixed power plants wherein electricity generation is necessary to assure energy system reserves
- pay the expenses in order to assure safe operation of nuclear power as well as storage and burial of waste products

²⁹ Concerning the obligation to supply, please see chapters 4 (Supplier of last resort) and chapter 5.2.2 (Supplier's right to choose or obligation to provide supply to every consumer?). Also note: Public service obligations have not been formally defined in Greece or Austria and in Slovenia's electricity sector there are no such terms for supply of eligible customers, there only is a tariff system for supply of tariff customers. In the gas sector the supply to tariff customers is a PSO until 1 July 2007.

The Polish Example

Public service obligations in Poland include the following:

- introduction of suppliers designated by the President of ERO, rendering universal service to household customers (from the date of full market opening of 1 July 2007),
- suppliers (trade entities and generators selling electricity to final customers) are obliged to purchase (or generate in owned RES sources) 'green' electricity in volumes specified in the law (from 3,1% in 2005 to 9% in 2010 of the total annual electricity sales to final customers),
- a similar purchase obligation concerning electricity from CHP (the purchase obligation is 13,7% in 2005 to 16% in 2010 of the total annual electricity sales to final customers),
- suppliers are obliged to meet (indicated in the law) quality standards concerning: supplied fuels and energy; customer service; methods and scope of information made available to customers and other energy entities; complaints settlement,
- suppliers are obliged to inform customers about the fuel structure and environmental impact (in terms of emissions of CO₂ and the radioactive waste resulting from the electricity produced) of the energy sold to them.

The Portuguese Example

In the electricity sector, all suppliers must comply with the following PSO: environmental protection, quality of service and obligation to supply. Suppliers (in the liberalized market) are obliged to present a proposal to interested parties. In the gas sector, the suppliers/distributors must comply with the following PSOs: safety of supply, continuity and quality of supply, affordable prices and environmental protection.

The Romanian (Electricity) Example

Public service obligations in Romania include the following:

- The incumbent suppliers are obliged by license to supply all the customers in their area who do not want to choose (in order to ensure universal service) and provide special offers to the vulnerable customers
- Introduction of Suppliers of Last Resort, rendering service to customers whose competitive suppliers go bankrupt (from the date of full market opening of 1 January 2006)
- Suppliers are obliged to purchase a specified number of green certificates from the green certificates market
- Suppliers are obliged to meet quality standards concerning: supplied electricity; customer service; methods and scope of information made available to customers and other energy entities; complaints settlement.
- Suppliers are obliged to inform customers about the fuel structure and environmental impact (in terms of emissions of CO₂ and the radioactive waste resulting from the electricity produced) of the energy sold to them.

The Swedish Example

From the 1st of April 2006 all electricity suppliers are obligated to specify in or with the bills and in promotional materials to final consumers, the contribution of each energy source to the overall fuel mix of the supplier over the preceding year and leave information on the environmental impact (least emissions of CO₂ and radioactive waste result).

Sweden will furthermore, increase protection for consumers in the Swedish Natural Gas Act. It will only be possible to disconnect a consumer's gas if the consumer has broken the contract substantially. The gas can't be disconnected if the demand is controversial. It is also important that the social authority is contacted if the gas supply is disconnected. The social authority can then help the consumer with social assistance. These rules exist already for electricity.

Legal framework

No specific comprehensive details on this issue are available.

Description of terms under PSO

No specific comprehensive details on this issue are available.

5.4. Authorization of "terms & conditions" by supplier (Q 4.4)³⁰

5.4.1. Entities responsible for the verification and supervision of the fulfillment of the terms & conditions by suppliers

Entities responsible for the verification and supervision of the fulfillment of the terms and conditions by suppliers are in some countries the consumer representatives (Austria and Norway) and in some countries the energy regulators (Greece, Hungary, Ireland, Lithuania, Portugal, Romania (electricity and gas), Slovenia and Italy). In some countries this responsibility is divided to both of these entities (Estonia and Finland). In France the supervision is taken care of by the state and municipalities.

5.4.2. Entities responsible for offering comparisons of suppliers (prices, services, quality of supply)

There are no obligations to offer comparisons of suppliers in France, Ireland, Lithuania, Portugal and Slovenia (gas). In quite many countries, however, there are entities responsible for especially offering at least price comparisons. In Slovenia (electricity) it is the Statistical Office of the Republic of Slovenia who publishes price statistics for different customer groups.

The Romanian Example

In Romania (electricity) the regulator is the responsible entity for conducting supplier benchmarking and publishing reports on yearly bases. In Romania as yet the list prices (regulated tariffs applied by the 8 incumbent suppliers) are the same across the country according to the law, so there is no need for comparisons in this respect and consequently the benchmarks are focused mainly on quality. The offer prices (applied by the competitive suppliers) are confidential; they are submitted to the Regulatory Authority but are not publicly available.

³⁰ Luxembourg, Slovakia and Spain did not answer to this question due to not having provisions about it yet.

The Swedish Example

In Sweden there is no complete price register including all suppliers. The Swedish Consumer Agency is publishing a register included the suppliers with the lowest prices. This register contains price information including special offers divided into different categories of consumption and different types of contracts. The suppliers are responsible for updating the price information.

Very often the price comparison information exists mainly in the Internet. For instance, in Austria it is the regulator who is publishing price information via Internet, and in Norway it is competition authority.

5.4.3. Obligation for supplier to publish yearly indexes on quality of service and performance

There is some kind of obligation for suppliers to publish yearly indexes of quality of service and performance at least in Estonia (in electricity sector), Greece (gas) and Romania (electricity). Furthermore, In Lithuania and Hungary some indexes of quality and performance are published by the regulators annually.

The Italian Example

In Italy the regulator yearly collects and publishes on its internet site data from distributors and suppliers regarding actual levels of commercial quality indicators and amount of automatic compensation paid to customers. Customers in Italy must, once a year, receive (enclosed in a bill), a communication reporting actual levels (of commercial quality indicators) performed in the previous year.

Such publishing obligations have not been (yet) defined in Austria, Finland, Norway, Estonia (gas), Romania (gas) or Slovenia (gas).

The Portuguese Example

In Portugal, transmission operator, distributors and regulated suppliers publish yearly a Quality of Service Report with information about quality of service performance in the last year. ERSE also publishes a yearly Quality of Service Report with information about the electrical sector (transmission, distribution and supply).

The Slovenian Example

The situation is very similar in Slovenia (electricity): Quality of supply (service and performance) has to be specified and published. The system operator has to use this data to prepare an analysis of the interruptions in the network, determine a trend, and compare it with the expectations of its plan. The Energy Agency has not yet obtained the data regarding the supply quality from individual companies. The first such reports are expected to be received next year.

The Swedish Example

Suppliers do not have an obligation to publish indexes of Quality of Service and Performance but the network company is responsible for reporting interruptions to the statistic functions SAIFI (system average interruption frequency index) and SAIDI (system average interruption duration index). These statistics functions are administrated by the Energy Markets Inspectorate.

5.4.4. Methods and practices used to evaluate suppliers

There are no methods and practices to evaluate suppliers in most of the respondent countries. Only Greece and Romania had some arrangements; in Greece RAE evaluates the reports on quality of service that suppliers provide and similarly in Romania (for both electricity and gas) the regulators make some analysis based on the information that the suppliers give to them. In Norway the regulator gathers useful market information (prices, market shares, number of supplier switches etc.) and publishes quarterly reports, but does not do evaluation of suppliers as such. Such methods and practices do not exist in Austria, Sweden, Slovenia and Portugal, however.

6. Terms & Conditions Concerning Grids³¹

6.1. Contractual relationship (Q 5.1)

6.1.1. Contracts with customer

Different contract alternatives³²

There are three main types of contract system for distribution and supply:

Option 1: Customer has separate contracts with the supplier and DSO

Option 2: Customer has one contract with supplier (supplier deals with DSO)

Option 3: Customer can choose between options 1 and 2.

Countries applying option 1 include Austria, Denmark (electricity & gas), Lithuania (for the eligible customers), Norway, Portugal (for customers that buy electricity through bilateral contracts) and Sweden.

Countries applying option 2 include: Estonia, Hungary (for non-eligible household customers), Ireland, Lithuania (for the captive customers), Portugal (for customers that have a power supply contract with a supplier), Romania (electricity; just for the captive customers), Slovenia (electricity) and Spain (gas).

Countries applying option 3 include: France, Italy and Romania (gas and also in electricity sector for the eligible customers). In Spain (electricity), however, the situation is somewhat unique. The customer signs a TPA access with the grid operator (often through his supplier) and a contract with his supplier.

Exceptions to the above mentioned 3 options do exist, though. In Finland, for instance, there are typically four types of contract: (1) a connection contract for the linking of the place of electricity or natural gas use to the distribution system³³, (2) a network contract for transmission through the distribution system and other related system services and (3) a supply contract for supply and 4) a supply contract for the supply and transmission through the distribution system and other related system services. Turkey's contract system is, furthermore, very similar to Finland's. There also are different contract alternatives in Latvia and Slovenia (gas), but these respondent countries did not specify the types of alternative contracts.

³¹ Some respondent countries gave very limited descriptions about their terms and conditions concerning the grid, and a couple of them mentioned that due to the market structure all the issues were not relevant to them (or were relevant only for gas or electricity sectors, not necessarily both).

³² Luxembourg and Slovakia do not have any provisions about this issue.

³³ Many of the questionnaire respondents did not mention the connection contract at all, even if it obviously exists in most of the countries.

Do customers contact suppliers or network operators (DSOs) for technical matters (interruptions, faults, repairing services etc.)?

Commonly customers generally contact network operators regarding technical matters. This is the case for instance in Austria, Denmark, Finland, Italy (for interruptions, emergency or repair service), Lithuania, Norway, Portugal, Slovenia, Sweden and Turkey. However, in some countries, such as Estonia, France, Italy (for distribution and metering services submitted to quality standards), Romania – gas and electricity – (for electricity, this is the case of non-eligible customers, if the incumbent supplier is the same company with the DSO of the area, just separate accounts, not legal unbundling as yet) and Spain (gas), customers generally contact suppliers who in turn contact DSO's etc. In Luxembourg the contact route depends on the contract and in Ireland and Spain (electricity) the customers may choose.

Which matters are treated directly with network operators (DSOs)?

The matters that are treated directly with DSOs are often all the technical matters such as those that were mentioned above (e.g. in Austria, Denmark, Finland, Ireland, Latvia, Norway, Romania –electricity (only in the competitive market sector, at the customer's choice, if they have chosen to contract the grid services with the DSO), Slovenia, Spain, Sweden and Turkey. In Norway, for instance, (and other countries where the DSO sends a separate invoice direct to customers) grid tariff issues are also discussed directly with network operators. In Estonia and Luxembourg, new connections only are dealt with directly with the DSO. In Italy the customers deals directly with the DSO to obtain connection to the grid when a connection is requested prior to subscription of a supply contract; otherwise the matter is handled by the supplier on behalf of the customer. Furthermore, in France for instance, emergencies and technical reparations are matters that are handled directly with DSOs.

6.1.2. Contracts between network operators (DSOs) and suppliers**Existence of a contract that establish rights and obligations of each party. Who approves this kind of contracts?**

Contracts between DSO's and suppliers are approved by an authority in most of the respondent countries. In these countries (e.g. Denmark, France, Italy (gas), Ireland, Latvia, Luxembourg, Portugal, Romania and Turkey) it is the energy regulator who has set the framework-contracts or who at least approves or supervises the contracts. In Lithuania, though, it is the Ministry of Economy who sets the standard terms of contract, and in Spain the general framework is established in the legislation. In Austria the regulator published a proposal for the contracts concerning data exchange between DSO and supplier. Authorities are not part of the approval process, however, in for instance Finland, Italy (electricity), Norway, Latvia (gas), Slovakia and Slovenia.

6.2. Contracts for connection to the grid (Q 5.2)

6.2.1. Legal framework

National laws and regulations on terms and conditions of connecting³⁴

The Italian Example

With regard to electricity service, connection tariffs are subject to be set at national level by the regulatory Authority. Gas connection charges are set at local level within the license agreement between the local administration and the DSO. The maximum time to provide an estimate to the applicant and maximum time for the completion of the connection are set under commercial quality of service regulation. The acceptance of an estimate by the customer involves an obligation for the DSO to carry out the connection.

The Polish Example

Legal framework for connection to the grid is established by primary legislation – the Energy Law Act and secondary legislation – Ordinances on conditions for connection to electricity, gas and heat networks and their utilization (though as the result of the Energy Law Act amendment new ordinances are expected to be issued by the Minister of Economy and Labour).

The Slovenian Example

In the gas sector, the laws and regulations consist of the energy act, decree on the method for implementing public service obligation relating to the activity of transmission system operator in the field of natural gas and general acts of the regulator, i.e. methodologies, are in the procedure of government approval.

In the electricity sector, the laws and regulations consist of the energy act, ordinance regarding general conditions for the supply and consumption of electricity, ordinance regarding the operating mode of the public service of the system operator of the distribution network for electricity, and the public service of supplying electricity to tariff customers and ordinance regarding the operating mode of the public service of the system operator of the transmission network for electricity.

The Turkish Example

The definition of the connection and use of system agreement in the law is as follows: The agreements establishing the prices, terms and conditions of the related connection and use of system tariff and containing the terms and conditions specific to a generation company, an auto producer or an auto producer group, a distribution company or consumers for access or connection to a transmission or a distribution system. In addition, the Board has the following power: Where the parties holding licenses fail to reach an agreement on the provisions of agreements relating to connection to a transmission system or a distribution system and use thereof, to settle such disputes in accordance with provisions of this Law and related licenses of the parties.

³⁴ A number of countries did not give specific details concerning their legal framework regarding terms and conditions for connecting to the grid. Furthermore, some respondent countries gave a very brief explanation, often mentioning just one thing that has been defined in their laws and regulations.

6.2.2. Approval of terms, conditions and tariffs

Procedures by the regulatory authority

Tariffs are regulated or set and the terms and conditions approved by the regulatory authority in most of the respondent countries. This is the case in Austria, Denmark, France, Ireland, Italy, Latvia, Norway, Portugal (electricity), Romania and Slovenia. This is the case also in the following countries who have described their procedures in detail:

The Estonian Example

A DSO must seek approval from the Energy Market Inspectorate for methods used in the calculation of network charges, network charges and the standard conditions for the provision of network services. The Energy Market Inspectorate shall not grant its approval to standard terms and conditions if the content thereof does not correspond to the balance of rights and obligations between a network operator and a user of network services which was the basis for approval of the network charges or if a standard term or condition causes unfair harm to the other party within the meaning of the Law of Obligations Act.

The Finnish Example

The terms of connection shall be confirmed by the Energy Market Authority prior to a DSO's application. The standard terms of connection have been drafted and prepared by the branch organisation and the distributors generally apply the branch organisation's recommendations related to consumer contracts. After the last amendment of the Electricity Market Act, the regulator has confirmed the terms of connection to be complied by the distribution system operators. By its decision, the regulator has confirmed the methods of the electricity DSO's connection service to determine the fees charged for the connection. These methods are legally valid and must be complied with by all distribution system operators. Until now the above-mentioned methods have not been confirmed to natural gas connection service fees.

The Polish example

The Energy Law stipulates that an energy enterprise is obliged to conclude a connection contract with an entity applying for connection to network, on the basis of equal treatment if technical and economic conditions for connection and supply of the fuels and energy exist and an applicant fulfils requirements concerning connection and its reception. If an enterprise refuses to conclude a connection contract it is also obliged to send a written note to the President of ERO and the applicant on the fact of connection refusal, giving the reasons for refusal.

The Turkish example

The TSO prepares, revises and inspects the transmission, connection and use of system tariffs that are subject to the Board approval. The connection and use of system tariffs are subject to Board regulation. Connection and use of system tariffs shall establish non-discriminatory prices, terms and conditions for connection to and use of a transmission system or a distribution system which shall be included in the relevant connection and use of system agreements. The connection charges shall not include the grid investment costs. The connection charges shall be limited to the costs incurred in relation to the connection of the related legal entity.

The Swedish example

The Energy Markets Inspectorate is supervising the net tariffs (*ex post* regulation). The terms and conditions are not approved by EMI. The Swedish Consumer Agency is approving the standard terms of contracts.

6.2.3. Contractual terms and conditions

Are terms and conditions standard for different consumer groups? Do all the network operators use the same standard terms and conditions?³⁵

Respondent countries can essentially be divided into four different categories in this matter:

- Countries that have the same terms and conditions for all customer groups and where all network operators use the same standard terms and conditions (e.g. Lithuania, Romania –electricity- and Norway -in Norway it is though “most of the network operators” who use same terms and conditions-)
- Countries that have same terms and conditions for all customer groups but where all network operators do not use the same standard terms and conditions (e.g. Austria and France)
- Countries that do not have the same terms and conditions for all customer groups but where all network operators use the same standard terms and conditions (e.g. Slovenia –electricity-, Ireland, Italy -electricity- and Sweden) In Sweden, though, it is “most of the network operators” who use same terms and conditions-)
- Countries that do not have same terms and conditions for all customer groups nor do all the network operators use the same standard terms and conditions (e.g. Luxembourg, Denmark, Italy -gas- and Estonia).

The Italian Example

In Italy, charges and conditions for the connection to the electricity distribution grid are set at national level and differ for HV, MV and LV customers, while gas connection charges and conditions are set at local level, within the license agreement between the DSO and the local administration.

The Polish Example

While the amended Energy Law Act defines only types of conditions that have to be included in a connection contract, the ordinances in detail indicate elements of a contract. The ordinance on connection to electricity distribution network categorizes entities applying for connection into six groups according to voltage level of the grid. The ordinance on connection to gas network divides them into two groups on the basis of quantity of contracted gas.

³⁵ In this question the word “consumer” is used even though many respondents used the word “customer” in their answer (some of them even mentioning both household – and non-household-customers).

The Portuguese Example

The situation in Portugal is somewhat different depending on the sector: in the electricity sector commercial conditions for connection to the network are regulated by ERSE and are applicable by DSOs in a uniform way, but in the gas sector commercial conditions for the connection are not yet regulated and applicable conditions are not uniform among distributors.

The Turkish Example

Agreements in Turkey consist of two separate sections. First is the “General Provisions” and second is the “Private Provisions”. General provisions (standard) of the agreements are the same for all consumers and private provisions (non-standard) can be different for each consumer.

Information specified on the contract (contract details and other issues). What kinds of issues are included in standard / non-standard terms and conditions?³⁶

The Austrian Example

All issues concerning the relationship between DSO and customer, such as duration, rights and duties of the parties, technical details, etc.

The Danish Example

The parties’ rights and obligations, payment terms etc.

The Finnish Example

The following information must be specified in the contract or its appendix (standard terms and conditions):

- name and contact information of the service provider and the customer;
- the performance or service offered and its quality, as well as the period of delivery of the connection in the case of a connection contract;
- possible upkeep services related to contract-based performance or service;
- methods by which the connecting party or user of electricity receives information on the charges applied to the contract or the related upkeep services;
- period of validity of the contract and the conditions to be applied to renewal and termination of the contract;
- compensations of damage and other compensations to be applied if the quality of the performance or service does not correspond to the standard agreed upon and
- information on the available procedures of settling disputes and their institution.

The Irish Example

Non-standard conditions: Ramp-rates, minimum capacity booking requirements, access to the grid (firm-non-firm access) etc. Standard conditions: payments, meters, rights of access, technical requirements, capacity of network connection, liability, right to disconnect, adherence to codes etc.

³⁶ Non-standard terms and conditions were ignored in most of the respondent answers. Concerning standard terms and conditions, only a couple of countries gave a detailed description of what is included in contracts, other answers were brief and general.

The Polish Example

According to the Energy Law Act a connection contract should specify at least: the time for the realization of a connection, the charge for a connection, exact location of separation of the energy enterprise network ownership and the applicant network, range of work necessary for the connection completion, requirements related to placement and parameters of the metering site, conditions on availability of the property for connection, anticipated term for conclusion of a contract on gas or electricity supply, quantity of gas or energy consumed, connection power, responsibilities of the parties for a contract breach, with special regard to breach of works deadline, period of validity and conditions of termination of the contract.

The Romanian -Gas and Electricity- Example

Duration of the contract, tariff, rights and obligations, contractual responsibility, notifications, force major, methods to solve litigation

The Slovenian (electricity) Example

All mutual relations about payment method, connection realization, connection maintenance and other issues regarding connection.

The Spanish -electricity- Example

Timeframe of the contract, timeframe allowed for the payment, conditions by which the distribution company could cancel the contract

The Swedish Example

For instance: information about damages, metering, and reporting, payment and security.

The Turkish Example

Connection information, penalty and force major issues, financial and technical provisions.

Are customers provided with terms and conditions prior to the conclusion of the contract?

Customers are provided with terms and conditions prior to the conclusion of the contract in all the countries that answered to this question (Austria, Denmark, Estonia, Finland, Ireland, France, Italy, Lithuania, Norway, Romania, Slovenia, Spain, Sweden and Turkey). Normally the terms and conditions are given to the customer directly but they are also publicly available in most of the countries. In Luxembourg the terms and conditions only need to be given to the customer at request.

The Italian Example

Customers are provided with an estimate including detailed information about the charges requested and technical conditions and requirements for the completion of the connection

The Lithuanian -Gas- Example

The gas company should inform new customers about terms of connection during the period no longer than 30 calendar days after customer's application. Notification about terms of connection should include information about connection fee, payment methods and terms, requirements for a new/extended transmission and distribution system.

Practices regarding the modification of contractual terms and conditions (allowed time for informing customers, right of withdrawal)

In many countries changes have to be approved by the regulator or some other authority, as in the case for instance in Austria, Norway, Romania (gas) and Slovenia (gas).

The Danish Example

A new procedure is under way and most natural gas companies meet 4-5 times a year to discuss terms and conditions with regard to improvements.

The Finnish Example

In relation to a customer the DSO is only allowed to change the prices and other terms of the connection contract in some specific cases, which have been defined. In addition, the distribution system operator shall be entitled to make minor amendments to the contractual terms, provided that these amendments do not affect the principal content of the contract. The distribution system operator shall provide their contracting party with information on how the prices or other contractual terms will change, when the change will come into effect, and what the grounds for the change are. The contracting party must be informed whether he has the right to terminate the contract. If the reason for the change is not a legislative amendment or a decision by the authorities, the change may come into effect, at the earliest, one month after the notification of the change has been given.

The Spanish Example

Tariffs are approved and published annually by the Government.

The Swedish Example

Changes in the electricity price must be announced at least 15 days in advance. The electricity supplier has to send a special message to the customer or announce in the newspaper or on the homepage about the change of the price. Other changes in the contract must be announced at least 3 months in advance.

The Turkish Example

The general provisions of the contract can only be changed by the regulator's decision, but on the other issues the parties can mutually make changes.

Variety of different payment methods³⁷

A few respondent countries commented on the special nature of payment for connection to the grid, concerning the timing of the payment.

The Finnish Example

The DSO invoices the customer for the connecting service before connecting the customer's place of use to the network, unless otherwise agreed.

³⁷ There are a variety of different payment methods in most of the countries, but many did not specify them in this questionnaire. At least it is normally possible to pay over the internet or by a postal bill. For more information on this issue, please refer to the ERGEG reports on Customer Switching and Transparency.

The Portuguese Example

The payment deadline depends on the budget - for small budgets, the distributor can demand the total payment before start the construction of the connection.

The Romanian –electricity- Example

The connection charge has to be paid within 5 days of the conclusion of the connection contract, or any other period agreed between parties, but no later than the commissioning date.

6.2.4. Connection charges

Description of charges

In most of the respondent countries (Austria, Denmark, Estonia, Finland, Italy, Norway, Romania -gas-, Spain, Slovenia –electricity- and Turkey) the customer simply needs to pay “all the necessary costs” for connecting (and capacity), plus sometimes even some sort of investment charge if there is no existing net in the area. Typically, though, costs need to be reasonable. Furthermore, the connection fee is typically paid as a lump-sum. Sometimes, however³⁸, the approach is more complex (e.g. Lithuania, Finland, Ireland, Poland and Romania -electricity).

The Finnish Example

The DSO's area is divided into separate zones and regions, where connection charges are uniform for all similar connecting places. Only in exceptional cases, which will be located outside the above mentioned in advanced defined zones or areas, may the connection charge be case-specific.

The Irish Example

Gas: Deep connection charges, 100 % charges for those with a choice of location. For existing premises a portion of the cost can be set off against transportation tariffs over a number of years. Electricity: Designed to recover around 50 % of the cost of a connection.

The Lithuanian -Electricity³⁹- Example

The new electricity consumer should pay a connection fee equal to 40 percent of the cost of the connection works.

The Polish Example

According to the Energy Law Act connection charge paid by consumers should be based on the actual costs incurred for a connection completion, while in the case of consumers applying for connection to the electricity network for a voltage level not higher than 1 kV as well as the heat and gas network (but not a high pressure one) the charge is based on charges included in a tariff, calculated on the basis of one fourth of the average annual capital expenditure on the connection realization.

³⁸ In Romania (electricity) the system for calculating the connection charges is very complex and varies greatly depending on the customer type.

³⁹ A new gas consumer, however, covers all necessary connection costs.

Up-to-date information on applicable prices and tariffs to customers

Related to connection charges, up-to-date information on applicable prices and tariffs to customers are often publicly available to the customers (e.g. Austria, Ireland, Slovenia and Sweden). In some countries, (for instance Turkey) however, there is no tariff related to connection charges. Customers are charged on the basis of the project cost.

6.2.5. Connection time and compensations

The time for connection

Connection time-limits are regulated or at least supervised in a number of countries. For instance in Denmark and Portugal the time for connection is at most 20 working days. In Turkey the time is as long as 6 months (but depends on the availability and capacity of the connection point). In Slovenia (gas) the physical connection takes 3 days. In Ireland there is no standard for the gas sector and in the electricity sector it is subject to conditions – two weeks after receipt of a safety certificate.

In some countries there are conditions or limitations included in the time for connection:

The Italian Example

For LV connection, in case only simple works are necessary, the maximum connection time is 15 working days (guaranteed standard) if the estimate is lump-sum based and immediately submitted to the customer at the moment of the request. Otherwise the maximum time is 20 working days for the submission of an estimate (guaranteed standard) + 15 working days after the acceptance of the estimate for the connection (guaranteed standard). If more complex works on the grid are necessary, the maximum times are 20 working days (guaranteed standard) for the submission of an estimate + 60 working days (overall standard) after the acceptance of the estimate for the connection.

The Spanish Example

When the point of supply is below 15 kW and there is no need to reinforcement, the distributor must send the technical and economical conditions within 5 days. When accepted by the consumer the activation must be made in 5 days by the distributor.

The time for connection has not been regulated in all the respondent countries, however. It may be agreed case by case in the contract, for instance, in Austria, Estonia, Lithuania, France, Norway, Romania, Slovenia (electricity), Portugal (gas) and Sweden.

Compensations paid for delay in connection

It is quite rare for compensations to be paid to customers for delays in connection, or at least it depends upon a bilateral agreement or contract between the network operator and the customer. Austria, Denmark, Estonia, Norway, Romania and Slovenia, for instance, do not have regulations concerning this kind of compensation. However: In France EDF and Gaz de France pay charges if they miss an appointment, and in Italy there is automatic compensation in case a guaranteed standard is not met: 30€ to domestic customers, 60€ to non domestic customers. In Ireland there is 65 € compensation paid in case of delay in connection.

6.3. Contracts for other network services (Q 5.3)⁴⁰

6.3.1. Legal framework

National laws and regulations on terms and conditions of other network services

All the countries have in force Electricity Acts, Grid Codes, Framework Contracts, Tariff Calculation Methodologies and other regulations guaranteeing access and high quality network services. Some countries as Italy, UK, Portugal, and Romania have Grid Standards regarding voltage quality and continuity.

In most of the countries there is one single distribution contract comprising all the network related issues. The connection agreement represents an annex to that contract not a separate one.

6.3.2. Approval of terms, conditions and tariffs

Procedures by the regulatory authority

Tariffs are regulated or set and the terms and conditions approved by the regulatory authority in most of the respondent countries. This is the case for instance in Austria, France, Norway, Portugal (electricity) and Romania (electricity). In Spain, however, it is the Regional Administrations.

The Finnish Example

The terms of distribution service must be confirmed by the regulator before they are taken into use by the distribution system operator. The standard terms of distribution network services have been drafted by the branch organisation and the distributors generally apply the branch organisation's recommendations related to consumer contracts. Following the last amendment of The Electricity Market Act, the regulator has confirmed the terms of distribution network services to be complied by the distribution system operators. The same rules also apply to gas sector.

6.3.3. Contractual terms and conditions

Are terms and conditions standard for different consumer groups? Do all the network operators use the same standard terms and conditions?

In France and Romania (electricity) all terms and conditions are standard for different consumer groups and all the network operators use the same standard terms and conditions – in Denmark the situation is opposite in both of these issues. In Austria the terms and conditions are the same for all customers of a DSO, but every DSO has its own approved terms and conditions.

⁴⁰ Questions that are reported in this chapter were answered only by few countries. It is possible that the answers would have been very similar to the questions under “contracts for connection to the grid”, and therefore the countries have not repeated their answers (a couple of them mentioned this). It is also possible that there are no separate contracts for these services, which was mentioned by Romania (gas).

Information specified on the contract (contract details and other issues). What kinds of issues are included in standard / non-standard terms and conditions?**The Finnish Example**

The following information must be specified on the contract or the confirmation of the contract and its appendix (standard terms and conditions):

- name and contact information of the system operator and the customer;
- the performance or service offered and its quality;
- metering issues ;
- possible upkeep services related to contract-based performance or service;
- methods by which the user of electricity receives information on the charges applied to the contract or the related upkeep services;
- period of validity of the contract and the conditions to be applied to renewal and termination of the contract;
- compensations of damage and other compensations to be applied if the quality of the performance or service does not correspond to the standard agreed upon;
- information on the available procedures of settling disputes and their institution.

Furthermore, in Denmark the contract includes the parties' rights and obligations, and in France the network contract refers to the list of services by the distribution system operator.

Are customers provided with terms and conditions prior to the conclusion of the contract?

Customers are provided with terms and conditions prior to the conclusion of the contract in all the countries that answered to this question (Denmark, Finland, France, Romania (electricity) and Portugal). In Finland, however, no information on an electricity network contract needs to be given in advance if the contract is concluded orally and the user of electricity does not want this information. In that case the information must be entered in the confirmation notification which the DSO sends to the user of electricity. Normally the terms and conditions shall be given to the customer directly but they are also publicly available in most of the respondent countries.

Practices regarding the modification of contractual terms and conditions (allowed time for informing customers, right of withdrawal)**The Danish Example**

Gastra conducts on a regular basis Player Meetings, where planned modifications are announced and discussed. The allowed time for informing customers depends on the degree of modification.

The Romanian Example

In Romania (electricity) the concluded contracts are modified or automatically completed, if a new law/regulation/government ordinance enters in force. The modification of the provisions of the contract can be made by an additional contract only.

Finland, however, was the only country to explain in detail the practices regarding the modifications of contractual terms and conditions.

The Finnish Example

In relation to a customer the distribution system operator may change the prices and other terms of the electricity network contract in only some specific cases, which have

been defined. In addition, the distribution system operator must be entitled to make minor amendments to the contractual terms, provided that these amendments do not affect the principal content of the contract. If the distribution system operator's area of responsibility changes, the distribution system operator is entitled to change the price of distribution services in order to implement the uniform pricing within the system operator's area of responsibility. Price changes causing considerable changes in the fees of individual customers shall be carried out during the transition period approved by the Energy Market Authority before the introduction of the new pricing. The distribution system operator shall provide their contracting party with information on how the prices or other contractual terms will change, when the change will come into effect, and what the grounds for the change are. If the reason for the change is not a legislative amendment or a decision by the authorities, the change may come into effect, at the earliest, one month after the notification of the change has been given.

Variety of different payment methods

The Danish Example

Payment methods include bank and post office payments, cash payments directly at the company and PBS, cheque and Visa/Dancard.

The Finnish Example

In Finland the distribution system operator shall in general invoice the customer for network service in accordance with the contract for electricity network service. The payment methods are e.g. written invoice via mail, bank account or cash payment to system operator. It is also possible to choose electronic invoicing.

6.3.4. Tariffs for network services

Description of services and tariffs

The Estonian Example

In Estonia the charges payable for network services provided by a network operator are a charge for amendment of the consumption or generation conditions, a charge for enabling a network connection to be used, a charge for the transmission of electricity and charges for extra services directly related to network services.

The Finnish Example

The tariffs of network services (connection to the network, transmission, distribution and measurement of electricity) must be made public, and the pricing principles of network services must be equitable and non-discriminating. The electricity companies set the tariffs and other conditions by themselves. The location of the customer within the distribution network operator's area of responsibility must not affect the tariffs of distribution services. However, in parts of the system operator's area of responsibility that are geographically separated, normally the distribution prices of each area shall apply. The tariffs of network services differ from each other in different distribution networks, but customers cannot invite tenders. The network tariffs are determined, among other things, by the quantity of electrical energy supplied to the customer, the power demand, and the voltage level at which the customer has been connected to the network. Lower voltage level network tariffs include also a part of the costs of the upper voltage level network.

The Italian Example

Regarding electricity distribution tariffs, DSOs must submit to the regulator for approval at least one default tariff for each contract typology (LV: domestic, public illumination, others; MV: public illumination, others; HV). DSOs may also submit for approval further tariff options for any contract typology, to be offered to customers as an alternative to the default tariff. Approved default and alternative tariff options must be published by the DSOs through at least one newspaper and are published on the regulator's website.

The Portuguese (electricity) Example

Network tariffs have the following structure: Contracted power, power in peak hours and reactive energy. Network tariffs have to pay the investment and operation costs of the networks. In the gas sector the network tariffs are not yet defined.

Up-to-date information on applicable prices and tariffs to customers

Up-to-date-information is available on the regulator's web site at least in Austria and Denmark.

6.3.5. Technical quality of service standards and compensations

Existence of technical quality of service standards

Technical quality of service standards exist for instance in Estonia, Finland, France, Italy, Lithuania, Portugal and Romania (electricity).

The Finnish Example

According to the Electricity Market Act in Finland, any supply of electricity is faulty, if the quality of electricity or the method of supply does not correspond to what can be considered to be agreed upon. Unless otherwise agreed, the supply of electricity is faulty, if the quality of the electricity does not correspond to the standards adhered to in Finland or if there have been continuous or repeated interruptions in the supply of electricity, and these interruptions cannot be considered minor when taking into account their reason and circumstances.

The Italian Example

In Italy the regulation of continuity of supply has been established by the regulatory authority, aimed at reducing the number and the duration of interruptions through the definition of target performances associated with a system of economic incentives and penalties.

Are compensations paid directly to customers by grid operator or through the correspondent supplier?

In most cases compensations are paid directly to customers (for instance in Austria, Denmark, Finland, Norway, Sweden), but in some countries the compensations are paid through the supplier (e.g. Italy, Portugal) and in some countries, for instance France, it depends on the selected contractual scheme. In some countries (e.g. Lithuania, Romania -electricity- and Slovenia -electricity-), however, compensations do not exist.

6.4. Communication and sales (Q 5.4)⁴¹

Description of customer protection against unfair or misleading selling methods

The regulations for customer protection against unfair or misleading selling methods are often based on consumer or competition protection acts (and supervised by corresponding authority), as is the case for instance in Austria, Finland, France, Sweden and Slovenia. Normally there are no special statutory provisions for energy sector.

The Norwegian Example

The regulator has regulations that require the grid company to inform customer in a good manner about various relevant issues.

The Romanian Example

The Grid Companies are obliged by licence to maintain a good customer service interface, including customer information and education programmes.

⁴¹ Communication and sales was a topic that was commented on very little. Denmark referred to their answers in “Transparency” – questionnaire and Estonia has no specific standards or rules.

Conclusions

The ERGEG Customer Focus Group undertook to review the status of consumer protection in the retail electricity and gas markets in the ERGEG member countries. The report resulting from the task is based on the answers to the questionnaire submitted by the members of the Customer Focus Group. Accordingly, since the answers concentrated more on the electricity market, this report provides more information on electricity market consumer protection than on gas market consumer protection.

The Electricity and Gas Market Directives emphasize the importance of consumer protection. In Article 3 of the Electricity Directive it is stated that the Member States shall ensure that all household customers and, where Member States deem it appropriate, small enterprises, enjoy universal service that is the right to be supplied with electricity/gas of a specified quality within their territory at reasonable, easily and clearly comparable and transparent prices. Furthermore, according to Article 5 of the Directives, Member States shall take appropriate measures to protect final customers. In particular, they must ensure that there are adequate safeguards to protect vulnerable customers. Member States shall ensure high levels of consumer protection especially regarding transparency of contractual terms and conditions, general information and dispute settlement mechanisms. It is for the Member States to ensure that the eligible customers are able to switch to a new supplier.

In Annex A of the Electricity and Gas Market Directives, are laid down the measures on consumer protection to be applied to at least household customers, as stated in Article 5 of the Directives. According to the Annex, among other stipulations, it must be ensured that customers have a right to a contract that specifies the necessary items, are given adequate notice of any intention to modify contractual conditions, receive transparent information on applicable prices, are offered a wide choice of payment methods, shall not be charged for changing supplier, benefit from transparent, simple and inexpensive procedures for dealing with complaints and are informed about their rights regarding universal service.

The concept of universal service includes the quality of supply as one dimension. In this report the focus was on commercial quality of supply, which refers to the nature and quality of customer service provided to customers. Another dimension of quality of supply is the technical quality of supply, which refers to the technical features of electricity supply such as continuity of supply including the number and duration of supply interruptions and the quality of voltage. Commercial quality of supply can be enhanced through various means including a) direct legislation, b) regulations and rules set by the regulator, c) codes and standards set by the operators either individually or collectively and d) publicity of information on company-specific quality of supply and the resulting public benchmarking.

In the questionnaire, 18 indicators for commercial quality of supply were introduced (customer service in service centres, response time to customers' queries, billing and metering, disconnecting and reconnecting). On the basis of the answers, many countries do not have official standards for commercial quality. Furthermore, the standards are very country-specific and vary greatly among different countries.

According to the Annex, electricity and gas customers should be ensured transparent, simple and inexpensive procedures for dealing with their complaints. The respondent countries seem to have similar basic approaches to dispute settlement. In the majority of cases, the energy regulators are involved and have a role in dispute settlement. They receive complaints from the customers, investigate them and give a decision to be followed by the parties. The role of the

energy regulators is, however, different in some countries in that the regulator does not have the powers to investigate individual complaints from customers but can influence the solving of problems on a more general level through for instance regulations, codes, recommendations and terms of licences. In a number of cases some kind of consumer protection board also exists that is mandated to investigate and decide on consumer complaints in the electricity and gas sector. Usually, the decisions given by such boards are not binding. In the majority of respondent countries there is no charge for the consumer when using the dispute settlement mechanism.

According to Article 3 of the Directives, Member States may appoint a supplier of last resort to ensure the provision of universal service. It has been stated under point 27 in the Electricity Market Directive that this supplier may be the sales division of a vertically integrated undertaking that also performs the functions of distribution, provided that it meets the unbundling requirements of this Directive. In most countries surveyed, the local distribution company or the incumbent supplier is the one who has an obligation to take care of supply for all the customers in the network area. The terms of the service are usually regulated. Not all the countries have special provisions concerning the supply to vulnerable customers and in these cases state social assistance is used as a form of economic last resort to help such customers to pay for their energy bills.

Another issue related to supplier of last resort is the supply to default customers, i.e. eligible customers who do not choose. In most of the respondent countries eligible customers, who do not use their option to choose a supplier will automatically continue with the local supplier. This can be the former incumbent supplier or the local distributor and very often they are the same company.

Annex A in both Gas and Electricity Market Directives states that among the measures referred to in Article 3 of the directives to guarantee consumer protection is the task to ensure that customers have a right to a contract with their electricity service provider that specifies among other things: the identity and address of the supplier; the services provided; the means to get up-to-date information on tariffs; the duration of the contract; the conditions for renewal and termination of services and of the contract; any compensation and the refund arrangements which apply if contracted service quality levels are not met; and the method of initiating procedures for settlement of disputes. Regarding the contract and the items in it, various approaches exist to guarantee consumer protection. One approach is to rely solely on general contract legislation and this is applied mainly to supply contracts in the competitive part of the market. Very often the general contract legislation is complemented by electricity and gas sector specific legislation to lay down the minimum requirements. Standard terms set by authorities are used in some countries. Another approach is to use standard agreements within the industry and self-regulation.

In most of the respondent countries suppliers must ensure the public availability of terms of sale, prices, pricing principles and other contractual terms. New customers should normally have the terms and conditions given to them at the latest by the time they sign the contract. The time required for publication of modifications on terms and conditions generally varies between 14 and 30 days. In most countries the supplier's right to terminate the contract is very limited and must be justifiable. Specifically, customer debt and electricity theft are the two of the most commonly accepted reasons for termination.

The opening up of gas and electricity markets and unbundling of energy and network services creates a new situation contract-wise. The customer may have separate contracts with the

supplier and DSO, or the customer may have one contract with the supplier whilst the supplier deals with the DSO or the customer may be able to choose between these two options. The approaches of the respondent countries vary a lot in this respect. For the customer, it may be somewhat troublesome to take care of two contracts and receive bills from two companies. However, separate billing clarifies the separation of energy and network services and may therefore bring pro-competitive effects.

Connection time-limits are regulated and supervised in a number of countries. However, it is quite rare that compensations are paid to customers for delays in connection.

Appendix I: Questionnaire Sample

EREG Customer FG
Questionnaire on Customer Protection
13-04-2005

COMMERCIAL QUALITY OF SUPPLY

Indicators of commercial quality

- Average waiting time in customer centres
- Number of visits per 100 customers in customers centres
- Average waiting time in call centres
- Number of calls per 100 customers in call centres
- Number of complaints per 100 customers
- Average response time to customers' complaints
- Average response time to customers' written queries
- Average annual meter readings per customer
- Average annual self meter readings per customer
- Percentage of estimated bills
- Number of revised bills per 100 customers
- Average response time of repair service
- Average response time for LV supply quotations
- Average time to connect a new LV customer to the network
- Average time to provide meter and supply after supply contract
- Average time to restore supply to a customer after disconnection
- Average disconnection time after customer cancels the contract
- Standards, methods and frequency of informing customers

Actual levels in commercial quality

Standards in commercial quality

Goal

DISPUTE SETTLEMENT

Directive 2003/55/EC puts emphasis on consumer protection. One of the measures to help costumers to get to their rights is to install Dispute Settlement Bodies.

Annex A: "Without Prejudice to Community rules on consumer protection, the measures are to ensure that customers have a right to a contract with their electricity service provider that specifies the method of initiating procedures for settlement of disputes in accordance with point f."

Point f: "benefit from transparent, simple and inexpensive procedures for dealing with their complaints. Such procedures shall enable disputes to be settle fairly and promptly with provision, where warranted, for a system of reimbursement and/or compensation. They should follow, wherever possible, the principles set out in Commission Recommendation 98/257/EC."

Introduction

What is dispute settlement in general?

Description of different kinds of alternative dispute resolution (negotiation, mediation, conciliation, arbitration).

Dispute settlement board

Implementation of dispute settlement in European countries?

Organisation of the dispute settlement board

Is there a difference in electricity and gas?

The role of the regulator

How does the settlement board work? (according to 98/257/EC)

Principle of Independence

Principle of Transparency

Adversarial Principle

Principle of Effectiveness

Are there any costs for the consumers?

Costs and time related to resolution of conflicts

Principle of Legality

Principle of Liberty

Principle of Representation

Experience from dispute settlement

How many complaints? Which topics?

How many proceedings?

How informed are customers on where and how to turn to dispute settlement?

Results of proceedings?

Cooperation with suppliers/grid operators?

SUPPLIER OF LAST RESORT

Supplier of last resort: which role in a liberalized market?

Alternative models for Supplier of Last Resort tasks definition

Supply to vulnerable consumers (those customers who suppliers do not want to serve without security of regulated compensation)

Supply to remote customers (not cost-effective to serve without subsidy)

Supply to default customers (eligible customers who don't choose)

Supply to abandoned customers (eligible customers who choose, but bankruptcy or similar happens to their supplier)

Methods to select and implement a supplier of last resort

One or more Supplier of Last Resort in each area?

Tenders and other instruments for Suppliers of Last Resort appointment

Who appoints the Supplier of Last Resort?

The cost of the service

Who pays for it?

Relevant European experiences

TERMS & CONDITIONS CONCERNING THE SUPPLIER

Legal framework

what is the legal basis that regulates Terms & Conditions concerning the Supplier (Laws, regulations, electrical sector codes, market rules etc)?

Conditions concerning the supplier - dimensions

Publication of Supply Terms

Obligation and practices of the Supplier for publishing the supply "terms & conditions":

Time of publication on "terms and conditions" for new customers

Time of publication for modifications on "terms and conditions"

Means used to publish (e.g. newspaper, internet, phone order, directly to consumers etc),

Content of publication (e.g. company's details, applicable tariffs, maintenance charges, General terms, supply services and standards, etc)

Legal framework

Supplier's right to choose or obligation to provide supply to every consumer?

Obligation to supply across all Non-Eligible consumers or right to choose among Eligible consumers? Restrictions/ Obligations / Exemptions

Legal framework

Application process for Supply

Description of the process for application (clear structure, deadlines, basic content etc)

Obligation for supplier to make an offer to a customer (Eligible)

Prerequisites for a valid application (obligations for the consumer, e.g. payment of guaranteed and connection of supply charges etc)

Other?

Legal framework

Supply contract

Obligation on format (Written format, other?)

Obligation to include the standard terms of the Supply Code, obligation to refer to general terms, obligation to refer to standing tariffs and other charges

What is the process in the case of an intermediary? How is it ensured that consumer is informed on supply terms?

Legal framework

Consumer right to switch Supplier

Are there any restrictive supply terms that prevent (even indirectly) the customer from his right to switch?

Legal framework

Terms Concerning the Supplier - Dimensions

Supply Contract terms

Legal framework

Obligation and description of Standard terms (minimum terms, imposed by the Supply code)

Presence and description of "General terms and conditions", (additional, enhanced terms concerning the Supplier). Obligation for a reference within the contract and means to inform consumer prior to initial supply connection.

"Special terms" agreed between customer and Supplier. (Right to include additional terms agreed between consumer and Supplier).

Is there a unique standard contract for all customers, or differs among customer groups? (If yes, which are the differences?)

Duration of contract - description

Conditions for contract renewal - description

Conditions for contract termination - description

Right of withdrawal – description

Standards of Supply (Services offered)

Legal framework

Obligation for Minimum standards on supply services, such as:

maximum time limit for application approval and supply initial connection

process and maximum time limit for reviewing customer objections on charges

Process and criteria for customer complaints handling and minimum time limit for responding to customer

Quality Standards of supply services (general and/or guaranteed standards)

Availability and description of maintenance services offered

Minimum amount of compensation and description of the process for defining the final amount of compensation, when services standards are not met

Refund arrangement process, when contractual services standards are not met.

Wide offer of different payment methods

Universal service

Other?

Communication and sales

Protection of consumer from misleading selling methods (description of relevant terms)

Terms for the protection of disclosure of consumer personal details/characteristics

Obligation to inform customers about matters of their interest (tariffs, services, terms and conditions etc.) Means of access.

Obligation to provide different contact/attendance channels.

Existence of good practice guidelines to prevent misleading and anti-competitive selling methods

Public Service Obligations concerning the supplier

Legal framework

Description of terms under PSO

Authorization of “terms & conditions” by supplier

Entities responsible for the verification and supervision of the fulfillment of the Terms & Conditions by Suppliers

Entities responsible for offering comparisons of suppliers (prices, services, quality of supply)

Obligation for Supplier to publish yearly indexes on Quality of Service and Performance

Methods and practices used to evaluate suppliers

TERMS & CONDITIONS CONCERNING THE GRID

Contractual relationship

Contracts with customer

Different contract alternatives (contract with supplier/network operator)

Do customers contact with suppliers or network operators for technical matters (interruptions, faults, repairing services etc.)?

Which matters are treated directly with network operators?

Contracts between network operators and suppliers

Existence of a contract that establish rights and obligations of each party. Who approves this kind of contracts?

Contracts for connection to the grid

Legal framework

National laws and regulations on terms and conditions of connecting

Approval of terms, conditions and tariffs

Procedures by the regulatory authority

Contractual terms and conditions

Are terms and conditions standard for different consumer groups? Do all the network operators use the same standard terms and conditions?

Information specified on the contract (contract details and other issues). What kinds of issues are included in standard/non standard terms and conditions?

Are customers provided with term and conditions prior to the conclusion of the contract

Practices regarding the modification of contractual terms and conditions (allowed time for informing customers, right of withdrawal)

Variety of different payment methods

Connection charges

Description of charges

Up-to-date information on applicable prices and tariffs to customers

Connection time and compensations

The time for connection

Compensations paid for delay in connection

Contracts for other network services

Legal framework

National laws and regulations on terms and conditions of other network services

Approval of terms, conditions and tariffs

Procedures by the regulatory authority

Contractual terms and conditions Are terms and conditions standard for different consumer groups? Do all the network operators use the same standard terms and conditions?

Information specified on the contract (contract details and other issues). What kinds of issues are included in standard/non standard terms and conditions?

Are customers provided with term and conditions prior to the conclusion of the contract

Practices regarding the modification of contractual terms and conditions (allowed time for informing customers, right of withdrawal)

Variety of different payment methods

Tariffs for network services

Description of services and tariffs

Up-to-date information on applicable prices and tariffs to customers

Technical quality of service standards and compensations

Existence of technical quality of service standards

Are compensations paid directly to customers by the grid operator or through the correspondent supplier?

Communication and sales

Description of customer protection against unfair or misleading selling methods

Appendix II: Liberalization Status & Timetables

Liberalization Timetables (a)

	Timetable of Eligibility (Electricity)	Timetable of Eligibility (Gas)
Austria	01.10.2001: All customers	01.10.2002: All customers
Denmark	01.04.2000: > 10 GWh/yr 01.01.2001: > 1 GWh/yr 01.01.2003: ≤ 1 GWh/yr (all other customers)	01.07.2000: > 35m Nm ³ /year 01.07.2002: > 25m Nm ³ /year 01.08.2003: > 12m Nm ³ /year 01.01.2004: All other customers
Estonia	Currently: > 40 GWh/yr 01.01.2009: ≥ 10 GWh/yr 01.01.2013: All other industrials	Currently: > 200000 m ³ /yr
Finland	01.11.1995: I&C > 500kW (but no electricity exchange existed until 1996) 01.01.1997: Customers with hourly metering 01.09.1998: Households with main fuse max 3x63 A and max demand 45 kW 01.11.1998: All customers with a main fuse max 3x63 A and max demand 45 kW	01.3.2001 (secondary market): ≥ 5 million m ³ /yr and remote meter reading
France	16.12.1999: > 100 GWh/y 30.05.2000: > 16 GWh/y 08.02.2003: > 7 GWh/y 25.06.2004: All other non-households By 01.07.2007: All other customers	10.8.2000: 237 GWh/y 10.8.2003: 83 GWh/y 01.07.2004: All non-households By 01.07.2007: All other customers
Great Britain	04.1990: Large I&C customers with maximum demand of ≥ 1MW 04.1994: Medium I&C customers with a maximum demand of ≥ 100kW-1MW 09.1998-24.05.1999: Households	By 23.05.1998: All customers
Greece	Currently: All non-households By 01.07.2007: All households (except those living in the non-interconnected islands)	01.07.2005: Electricity producers and CHP plants > 25GWh/year consumption.
Hungary	01.01.2003: > 6,5 GWh/yr 01.06.2004: All non-households	01.01.2004: > 500m ³ /hour
Ireland	19.02.2000: > 4 GWh/yr 19.02.2002: > 1 GWh/yr 19.02.2004: > .1 GWh/yr 19.02.2005: All other customers	1995: > 265 GWh 2002 > 21 GWh 2003 > 5.25 GWh 2004: All non-households approx. 73,000 kWh
Italy	10.1999: > 30 GWh 04.2000: > 20 GWh 04.2002: > 9 GWh 05.2003: > 0.1 GWh 06.2004: All non-households By 01.07.2007: All customers	06.2000: > 200,000 m ³ /year 01/01/2003: All other customers

Liberalization Timetables (b)

	Timetable of Eligibility (Electricity)	Timetable of Eligibility (Gas)
Latvia	Currently: All non-households 01.07.2007: All other customers	N/A
Lithuania	01.07.2004: All non-households	Regulators decide upon individual applications
Luxembourg	N/A	N/A
Netherlands	01.08.1998: 650 largest energy customers 01.07.2001: Green electricity customers 01.01.2002: 60000 middle size I&Cs 01.07.2004: Households & commercials	1998: Liberalisation commenced 01.07.2004: All customers
Norway	01.01.1991: All customers legally eligible to switch through the energy act (but required hourly metering) 01.01.1995: Small / Household customers could switch without hourly metering, but a reduced 246Nkr switching cost remained and switching suppliers could still only take place 4 times per year at the beginning of a quarter 01.01.1997: Switching possible without charges 1998: Network owners must send settlement data by means of the EDIEL standard. The message MSCONS is required for this purpose. 01.01.1998: Switches allowed to switch every week. Switches take place on Mondays 1999: Mandatory use of PRODAT. Messages regarding change of supplier must be sent by means of the EDIEL message PRODAT.	No specific timetable exists for the liberalization of the natural gas market. However, Norway has implemented Gas Directive I into a Gas act and has also implemented Directive II with some exceptions (since Norway is deemed an emerging market in terms of gas)
Poland	01.07.2004: All non-households 01.07.2007: Households	01.07.2004: All non-households 01.07.2007: Households
Portugal	Until the end of 2001: medium voltage (MV), high voltage (HV) and very high voltage (VHV) customers with annual consumption equal or higher than 9 GWh 01.01.2002: All other MV, HV and VHV customers 01.02.2004: Low voltage (LV) customers with contracted power higher than 41,4 kW 01.08.2004: All other customers	N/A
Romania	2000: > 100 GWh/yr 2001: > 40 GWh/yr 2002: > 40 GWh/yr 2003: > 20 GWh/yr 01.11.2004: > 1 GWh/yr 01.07.2005: All other non-households By 01.07.2007: All other customers	08.2001: 5,000,000 m ³ per year: 10% of market 05.2002: 5,000,000 m ³ per year: 25% of market 04.2003: 4,000,000 m ³ per year: 30% of market 04.2004: 3,000,000 m ³ per year: 40% of market 01.2005: 3,000,000 m ³ per year: 50% of market 07.2006: 1,240,000 m ³ per year: 75% of market 07.2007: All other non-households 07.2007: All other customers

Liberalization Timetables (c)

	Timetable of Eligibility (Electricity)	Timetable of Eligibility (Gas)
Slovakia	N/A	N/A
Slovenia	01.07.2007: Households	01.07.2007: Households
Spain	01.01.1998-01.10.1999: Staged liberalisation (by consumption) of I&C customers of 15GWh/yr+ down to 1GWh+ 01.07.2000: I&C with voltage above 1000V 01.01.2003: Households	01.01.1999: > 20Nm ³ per year 01.04.1999: > 10Nm ³ per year 01.01.2000: > 5Nm ³ per year 25.06.2000: > 3Nm ³ per year 01.01.2002: > 1Nm ³ per year 01.01.2003 - All consumers
Sweden	01.01.1996: I&C and residential, but new meters required for switchers from incumbents 01.11.1999: I&C and residential, new meters no longer required	01.07.2005: Non-households 01.07.2007: All other customers
Turkey	As of 2005: 7.700.000 kWh/yr By end 2011: All other customers	N/A